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REPORT
No. 98-267

MISCELLANEOUS TARIFF AND CUSTOMS PROVISIONS

JUNE 24, 1983.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 3398]

[Including Cost Estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 3398) to change the tariff treatment with respect to certain articles, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

SUMMARY OF PROVISIONS

H.R. 3398 is a bill which incorporates 23 noncontroversial tariff and trade bills, approved by the Committee on Ways and Means. They involve permanent duty free entry, temporary duty reductions, temporary suspension of duties, certain classification changes, and for other purposes. The Committee has combined these bills into a single omnibus bill to facilitate their consideration by the House of Representatives.

Section 101 applies to all other sections of the bill. It states that whenever an amendment or repeal is expressed in terms of an amendment to, or repeal of, a schedule, item, headnote or other provision, the reference shall be considered to be made to a schedule, item, headnote, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202).

Section 111 contains a provision introduced by Mr. Shannon, H.R. 1910, to provide for the reclassification of certain fabrics, articles and materials, coated, filled or laminated with rubber or plastics, currently being imported under schedule 7 (specified Products; miscellaneous and nonenumerated products). These items would be reclassified under the appropriate section in schedule 3 (Textiles).

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The net result will be an increase in the duty on products covered under this legislation and will return the classification of these fabrics to schedule 3 where they were administered prior to March of 1982 when Customs changed the classification under which the fabrics were administered as a result of two court decisions of the U.S. Court of Customs and Patent Appeals (United States v. Canadian Vinyl Industries (1977) and United States v. Elbe Products Corp. (July 1981). Reclassification will be achieved by making appropriate changes to headnotes of Schedule 3 and Schedule 7.

Section 112 contains a provision introduced by Mr. Schulze, H.R. 1583, to extend permanent duty-free treatment to warp knitting machines entered, or withdrawn, after June 30, 1983. Parts will also be extended duty-free treatment. It will also provide that when the Column 1 (MFN) rate is reduced to a level at, or below, that of the LDDC rate then the LDDC rate will be deleted.

Section 113 contains a provision introduced by Mr. Campbell, H.R. 1938, to amend the TSUS to clarify for duty purposes the classification of certain imported gloves used primarily as work gloves. This reclassification would be achieved by making appropriate modifications to the headnote definitions. Fourchettes for dress glove purposes must extend from finger tip to finger tip between each of four fingers.

Section 114, contains a provision introduced by Mr. Garcia, H.R. 2270, to provide for an 8.5 percent ad valorem duty on imported toys made of textile materials for pets. This section would equalize the duty on these items and would make the duty consistent with other toys for pets made of materials such as rubber or plastic.

Section 121, contains a provision introduced by Mr. Jenkins, H.R. 1888, to extend the existing duty suspension on crude feathers and down for a period of three years until June 30, 1987. The current duty suspension expires on June 30, 1984.

Section 122, contains an amended provision introduced by Mr. Russo, H.R. 2502, to provide for the continued duty reduction on canned corned beef. The Committee amended the bill as introduced to continue the current Column 1 (MFN) duty rate of 3 percent ad valorem for canned corned beef until the close of October 29, 1989. The reduced Column 1 (MFN) duty rate of 3 percent ad valorem would continue, under this provision, to be effective with respect to articles entered on or after October 30, 1983. A new item 903.15 would be included in the Appendix to the Schedules to provide for this temporary duty reduction.

Section 123, contains a provision introduced by Mr. Edgar, H.R. 2320, to extend the current suspension of duty on certain textile fabrics used in the manufacture of hovercraft skirts until June 30, 1986.

Section 124, contains a provision introduced by Mr. Whitten, H.R. 1226, to reduce the duty on certain disposable surgical drapes and sterile gowns made of manmade fiber products. This reduction in duty will equalize the duty between similar paper products and those of the manmade fiber.

Section 125, contains a provision introduced by Mr. Russo, H.R. 1667, to suspend the duty on MXDA (metaxylene-Diamine) and 1,3-BAC (1,3-Bis [Aminomethyl]-Cyclohexane) for a period of three years until the close of June 30, 1986. The chemicals are used to produce epoxy curing agents. There are no known domestic producers.

Section 126, contains a provision introduced by Mr. Ratchford, H.R. 1951, to suspend the duty on a chemical 4,4-Bis-diphenylamine for a period of three years until the close of June 30, 1986. This chemical is an antioxidant used for stabilizing polymers, elastomers, plastics and resins. There are no known domestic producers of this chemical at this time.

Section 127, contains a provision introduced by Mr. Frenzel, H.R. 1995, to suspend until the close of June 30, 1986 the duty on Flecainide Acetate, a drug used to treat heart arrhythmias.

Section 128, contains a provision introduced by Mr. Downey, H.R. 2265, to temporarily reduce the duty on imports of caffeine for a two year period beginning on December 31, 1983 and extending to December 31, 1985. The duty would be reduced from the current level of 6 percent ad valorem to 4.1 percent ad valorem in anticipation that the European Community (E.C.) will do likewise.

Section 129, contains a provision introduced by Mr. Conable, H.R. 2316, to temporarily reduce the duty on odd shaped or fancy watch crystals to that duty level appicable to round crystals until June 30, 1986. The provision will also provide for the staged rate reduction of duty on odd shaped or fancy watch crystals in keeping with that provided for round watch crystals.

Section 130, contains a provision introduced by Mr. Frenzel, H.R. 1967, to extend for a period of five years until June 30, 1988, the current duty reduction on certain unwrought lead. The current temporary reduction is provided for by 911.50 of the TSUS and is due to expire on June 30, 1983. This provision, supported by both the lead producers and consumers, will maintain the present treatment of unwrought lead and thereby will contribute to the stability of price and supply in the primary lead market.

Section 131, contains a provision introduced by Mr. Pease, H.R. 1620, to extend for a period of five years until June 30, 1988, the existing suspension of duties on power drive flat knitting machines over 20 inches in width. The duty on parts for this machine would also be suspended.

Section 201, contains a provision introduced by Mr. Frenzel, H.R. 3157, to amend section 313(j) of the Tariff Act of 1930 to provide certain technical changes and provide specifically that packaging materials imported for use in performing incidental operations are eligible for same condition drawback. The Committee amended the bill by deleting two additional provisions which would have provided for substitution as related to same condition drawback and also would have provided for the exemption of certain incidental activities as being treated as a "use" of the merchandise.

Section 202, contains a provision introduced by Mr. Pease, H.R. 2588, to amend section 431 of the Tariff Act of 1930 to provide the public disclosure of certain available manifest information on imports into the United States. Information on cargoes concerning defense related or foreign policy information will not be available for public disclosure. This provision will require Customs to adopt similar practices regarding disclosure of import information as it now must follow for export information.

Section 203, contains a provision introduced by Mr. de Lugo, H.R. 1684, to amend section 441(3) of the Tariff Act of 1930 to exempt certain vessels carrying passengers in the United States Virgin Islands from the entry requirements of the customs laws. The entry requirements would be similar to these currently imposed on licensed yachts and American pleasure vessels.

Section 204, contains a provision introduced by Mr. Stark, H.R. 1744, to amend part V of Title VI of the Tariff Act of 1930 by adding a new section 626. This amendment would seek to prevent the exportation of certain stolen vehicles by establishing civil penalties of $10,000 per each violation of imports or exports of stolen self-propelled vehicles, vessels, aircraft and parts thereof. A verification procedure with appropriate documentation would also be established and any failure to comply would result in a civil penalty of $500. Customs officials are also encouraged to cooperate with other law enforcement agencies.

Section 211(a) contains a provision introduced by Mr. Perkins, H.R. 657, to amend section 3 of the Foreign Trade Zones Act of 1934 to exempt bicycle component parts, not exported, from the exemption from customs laws otherwise available to merchandise in foreign trade zones. The exemption imposed by this provision would be in effect until the close of June 30, 1986.

Section 211(b) contains a provision introduced by Mr. Wright, H.R. 717, to amend section 15 of the Foreign Trade Zones Act of 1934 to provide that tangible personal property imported from outside the U.S. and held in a foreign trade zone for any of several enumerated purposes, and tangible personal property if produced in the U.S., and held in a zone of exportation would be exempt from State and local ad valorem taxation. The new subsection will insure that Foreign Trade Zones would be uniformily treated by non-Federal taxing authorities.

Section 212 contains a provision introduced by Mr. Badham, H.R. 1423, to provide for the duty-free entry of a pipe organ for the Crystal Cathedral of Garden Grove, California, that entered subject to a duty of $13,900. The organ was entered in six shipments between April 30, 1981, and April 8, 1982.

Section 213 contains a provision introduced by Mr. Gaphardt, H.R. 1933, to provide the Ellis Fischel State Cancer Hospital of Columbia, Missouri, with a refund of duties in the amount of $20,328, paid by the hospital on entries of certain scientific equipment. Both U.S. Customs and the Department of Commerce ruled that this equipment could enter duty free under the Florence Agreement. Failure by the Hospital to file the appropriate papers at the time of entry caused U.S. Customs to collect the duty.

COMMITTEE ACTION

The Subcommittee on Trade held hearings on each of the bills as introduced on April 27, May 5 and May 10, 1983. Favorable testimony was received from the Executive branch agencies and most public witnesses on the bills, including suggested amendments. The Subcommittee held a markup on June 7, 1983, took favorable action on these tariffs and trade bills and, after making appropriate amendment, ordered by voice vote on the bills to be reported to the full Committee on Ways and Means.

The Committee on June 22, 1983, favorably considered each of the bills as reported by the Subcommittee and agreed to combine the bills into one omnibus bill, H.R. 3398, which is being favorably reported to the House of Representatives.

SECTION-BY-SECTION ANALYSIS AND JUSTIFICATION INCLUDING COMPARISON WITH PRESENT LAW

Section 101 contains references applicable to all other sections of the bill. This section states that an amendment to or repeal of, a schedule, item, headnote, or other provision refers to a schedule, item, headnote, or other provision of the Tariff Schedules of the United States (TSUS) (19 U.S.C. 1202).

SECTION 111. CLASSIFICATION OF TEXTILE FABRICS

(Originally introduced as H.R. 1910 by Mr. Shannon)

Section 111 would provide for reclassification of certain fabrics, articles and materials, coated, filled, or laminated with rubber or plastics which are currently being imported under schedule 7 of the TSUS and are to be reclassified for identification under Schedule 3, Part 4, of the TSUS (Textile Fibers and Textile Products). The net result will be an increase in the duty on products, including imitation leather. Reclassification will be achieved by making appropriate changes to headnotes of Schedule 3 and Schedule 7.

Section 111 would amend headnote 5 of schedule 3 of the Tariff Schedules of the United States (TSUS) (19 U.S.C. 1202) and would provide that any fabric described in part 4C of schedule 3 will be classified under part 4C. The net effect will be to move fabrics previously overed under part 12 of schedule 7 to part 4C of schedule 3.

It would also amend subpart C of part 4 of schedule 3 of the TSUS and would delete the reference which excludes articles covered in schedule 7 from being covered in schedule 3. Additionally, it would provide that products would be included in this subpart regardless of the relative value of the contained textile fibers, rubber and plastics.

It would also amend part 12 of schedule 7 of the TSUS by inserting a new headnote which excludes items from part 12 of schedule 7 which are covered under part 4C of schedule 3. This, in effect, would provide that items covered in part 4C of schedule 3 would not be covered under part 12 of schedule 7.

Products covered under this legislation include fabrics which are coated, filled, bonded, and laminated with rubber or plastics. The terms are often used interchangeably and, in some cases, meanings of the terms will overlap. The coating materials include many different plastics and rubber. Plastics account for the bulk of the materials consumed for coated, filled, bonded, and laminated fabrics, with vinyl having the largest share. Other commonly used plastics are urethane, polyolefin and polyamides.

The automotive, furniture, apparel, and wall-covering industries account for the largest share of the market for plastic-coated and laminated fabrics; packing materials and pond liners represent a large share of rubber-coated fabrics.

Laminated fabrics, which generally provide excellent tensile strength, tear resistance, and flexibility, are often used for industrial curtains, safety clothing, machine covers, irrigation ditch liners, tent flooring, agriculture covers, pool covers, and tarpaulins.

Some of the basic methods used in coating or laminating a substrate to produce specialty and industrial fabrics are: (1) calendering; (2) laminating; (3) dried coating; (4) impregnation and dip coating; (5) cast coating; (6) extrusion coating; (7) curtain coating; and (8) spray coating.

The establishments producing the different types of coated, filled, bonded, and laminated fabrics numbered approximately 326 in 1982, about 5 percent fewer than the number in 1981. At least half of the industry's total output is produced by 35 mills. Two types of establishments predominate in this industry. The type that provides the majority of the industry's production are converters.

The second type consists of integrated firms, usually larger establishments that produce the base fabric and also perform the coating, filling, bonding, and laminating operations. Both types of establishments sell the fininished fabric to manufacturers who produce the end products, although some of the larger integrated firms also manufacture end products from coated, filled, bonded, or laminated fabrics.

The following firms are leading producers of coated, filled, bonded, and laminated fabrics:

(1) B. F. Goodrich, Akron, OH;
(2) General Tire & Rubber Co., Akron, OH;
(3) Firestone, Akron, OH;
(4) Joanna Western Mills, Chicago, IL and;
(5) Uniroyal, Inc., Clinton, OH.

The majority of the coated, filled, bonded, and laminated fabrics are manufactured with substrates of cotton, manmade fibers, or blends of these fibers. It is estimated that approximately 70 percent of the substrate fabrics are woven, 20 percent are nonwoven, and 10 percent are knitted. Firms are using less cotton and more manmade fiber fabrics which provide lighter fabrics with a higher strength-to-weight ratio.

At present, most coated, filled, bonded, and laminated fabric mills have excess capacity. The industry is heavily capital intensive, and requires employees properly trained in the coating and laminating procedures.

U.S. producers' shipments of coated, filled, bonded, and laminated textile fabrics increased from 671 million square yards, valued at $1.1 billion, in 1977, to 699 million square yards, valued at $1.2 billion, in 1978, and then declined to 516 million square yards, valued at $1.1 billion, in 1982.

U.S. consumption of coated, filled, bonded, and laminated textile fabrics decreased annually from 684 million square yards, valued at $1.1 billion in 1977 to 484 million square yards, valued at $1.1 billion, in 1982.

During 1977–82, imports supplied between 6.6 and 9.8 percent of the quantity of annual consumption and between 3.9 and 6.4 percent of the value of annual consumption. The declining trend in consumption has been due primarily to the lower demand for such fabrics by the automobile and building industries.

U.S. imports of all types of coated, filled, bonded, and laminated (mostly with rubber or plastics) fabrics increased from 53 million square yards, valued at $42 million, in 1977, to 63 million square yards, valued at $55 million in 1979, and then declined in quantity to 45 million square yards, valued at $55 million, in 1982. Although imports fluctuated during this period, unit values increased annually from $0.80 per square yard in 1977 to $1.47 per square yard in 1980, and then declined to $1.22 per square yard in 1982. Taiwan, Canada, Japan, Columbia, and West Germany have been the sources of the majority of imports of coated, filled, bonded, and laminated fabrics in recent years, accounting for 86 percent of the quantity and 85 percent of the value in 1981.

As a leading industrial country, Japan has a greater ability to offer a higher priced, more sophisticated fabric. Columbia is a new, but rapidly growing producer of those less expensive coated, filled, bonded, and laminated fabrics used primarily in apparel and accessories.

U.S. exports of coated, filled, bonded, and laminated (mostly with rubber or plastics) fabrics from 40 million square yards, valued at $38.5 million, in 1977, to 105 million square yards, valued at $132.8 million, in 1979, and then declined to 76 million square yards, valued at $124.9 million, in 1982.

Canada has been the largest recipient of U.S. exports of coated, filled, bonded, and laminated fabrics in recent years.

Duty rates in 1982 for these fabrics, if classified in schedule 3 (Textile Fibers and Textile Products), range from 5.7 percent ad valorem to an ad valorem equivalent (AVE) of 33.6 percent with an overall AVE of 13.7 percent. If classified in schedule 7 (Specified Products; Miscellaneous and Nonenumerated Products), duty rates range from 3.1 percent ad valorem to 9.2 percent ad valorem with an overall average ad valorem of 5.6 percent. In addition, entries under certain of the TSUS items in schedule 3 which include some of these fabrics are subject to quantitative restraint under the Multifiber Arrangement (MFA) and, therefore, are not eligible for duty-free treatment under the Generalized System of Preferences (GSP). However, MFA restrictions do not apply to these fabrics when classified in schedule 7.

Most coated or filled fabrics are classified in schedule 3 or 7 of the TSUS. However, classification of coated or filled fabrics can be complex as they are subject to several interrelated headnotes and tariff provisions. In some instances since July 1981 and more specifically since March 1982, when Customs provided specific instruction on the treatment of these products, fabrics coated with rubber or plastics have been classified in schedule 7 where they are also eligible for GSP treatment. Under the proposed legislation, these products would revert to schedule 3 with the exception of those items having a very high rubber or plastics content and possibly would not be considered for GSP treatment in some categories.

This change in classification by Customs resulted from two decisions of the Court of Customs and Patent Appeals (*United States* v. *Canadian Vinyl Industries* (1977) and *United States* v. *Elbe Products Corp.* (July 1981)) held that these certain fabrics were properly classified in schedule 7. This legislation would, in effect, overturn these decisions and cause these fabrics to again be classified in schedule 3.

SECTION 112. WARP KNITTING MACHINES

(Originally introduced as H.R. 1583 by Mr. Schulze)

Section 112 would strike out item 670.20 of the TSUS and insert a new item 670.20 with a column 1, MFN rate of "free". No change in the column 2 rate is made. A new item 670.21 will be added to cover the "other" category which will be subject to all staged rate reductions previously assigned to item 670.20. Additionally, the LDDC rate would be deleted at such time as the column 2 rate of item 670.21 is reduced to a level equal or less than the LDDC rate. Item 912.14 of the Appendix to the TSUS would be repealed.

Warp knitting machines are machines which generally produce flat or open width fabrics by feeding numerous ends of yarn from warps or beams to a series of needles, each end of the warp yarn being fed to an individual needle. Warp knitting machines range from a very simple type to large machines with many row of needles.

Warp knitting machines comprise several different categories. The two most common machines are tricot and Raschel machines. Simplex, Milanese, and Kettenraschel are other types of warp knitting machines.

U.S. textile machine manufacturers have abdicated the production of warp knitting machines to foreign producers. Today, one firm employing 10 production workers builds Raschel crochet machines, a minor type of Raschel knitting machine, in the United States. This firm, the Cidega Machine Corp. of River Edge, N.J., is a subsidiary of Joan Fabrics Corp. of Lowell, Massachusetts.

Two other firms, which are machine shops with a diversified product line, formerly made a few small laboratory models for knitting sample tricot fabrics. For the last few years, each of these firms has made only an occasional knitting machine, and each regards itself as essentially out of the business. These firms are Gibbs Machine Co., Inc., Greensboro, N.C., with about 50 employees, and Bearing Products Co., Philadelphia, PA, with about 25 employees. Two large U.S. firms (Rockwell International, Reading, PA, and Barber-Colman Co., Rockford, IL) built significant numbers of tricot and Raschel machines until 1975, these two firms withdrew from the business and have not produced any such machines since then. There is no other known production of warp knitting machines in the United States.

The value of the production of warp knitting machines in the United States is not published. Raschel crochet knitting machine sales by the Cidega Machine Corp. was less than $1.5 million annually during 1981 and 1982. Cidega exports its machines to Brazil, Mexico, the United Kingdom, and Canada. There are no other known domestic producers or exporters of warp knitting machines.

Imports under TSUS item 670.20 were as follows during 1978–82.

	Quantity	Value (thousands)
Year:		
1978	10,924	$17,846
1979	12,962	15,939
1980	16,356	12,275
1981	12,918	23,038
1982	15,125	15,494

West Germany is the world's largest producer of warp knitting machines; trade sources estimate that one West German firm, Karl Mayer, accounts for 75 percent of world sales in this product. West Germany accounted for 73 percent of all U.S. imports under item 670.20 in 1982, and 82 percent in 1981. Switzerland, Italy, Japan and the United Kingdom accounted for most of the remainder.

The only warp knitting machines known to have been made in the United States were the Raschel crochet machines built by the Cidega Corp. Duty-free entry of Raschel crochet machines competitive with those made by Cidega Machine Corp. would be permitted under this amendment of the TSUS. Such machines are imported from Italy, Switzerland and Spain, and although imports from these countries are not large by comparison with imports of warp knitting machines from West Germany, they are significant in the narrower field in which Cidega operates. We understand, however, that Joan Fabrics Corp. (the owner of Cidega Machine Corp.) takes the position that they would enjoy a net gain from the reduction of the duty rate to zero. This is premised on a consideration of the large volume of warp knitting machinery which Joan Fabrics purchases from foreign sources, compared with a much smaller sales volume from Cidega.

Warp knitting machines are provided for in TSUS item 670.20. The provision covers knitting machines other than circular knitting machines, except full fashioned hosiery machines and V-bed flat knitting machines. Item 670.20 also includes flat links-and-links knitting machines and low-cost knitting machines.

The MTN staged tariff rates applicable to MFN (column 1) imports under item 670.20 are as follows:

1983	5.9
1984	5.6
1985	5.3
1986	5.0
1987	4.7

The column 2 rate of duty is 40 percent ad valorem. Imports from countries subject to column 2 rates of duty amounted to $101,059 in 1982.

Articles covered by item 670.20 are listed as eligible under the Generalized System of Preferences (GSP) and are thus permitted duty-free entry into the United States when imported form designated beneficiary developing countries.

SECTION 113. CLASSIFICATION OF CERTAIN GLOVES

(Originally introduced as H.R. 1938 by Mr. Campbell)

Section 113 would amend subpart C of part 1 of schedule 7 of the Tariff Schedules of the United States (19 U.S.C. 1202) to clarify the classification of certain gloves used as work gloves which are imported under a category not intended to be used for the classical work glove. This would achieve this change by adding a new paragraph to headnote 1 of this subpart, which would define fourchettes as extending from finger tip to finger tip between each of the four fingers. To provide further clarification, the terms "textile fabric" and "or sidewalls" would be deleted from item 705.05 requiring gloves in this category to meet the definition of fourchettes.

This legislation seeks to eliminate a means by which certain work gloves are imported under a category of dress gloves for duty purposes, and then sold as work gloves. Dress gloves have a duty of 14 percent and work gloves have a duty of 24 percent.

The distinction of a dress glove for duty purposes has long been the presence of a strip of material called a fourchette extending along the side of the fingers from finger tip to finger tip. A strip along the outside of the little finger is also distinguishing and is called a "sidewall". Work gloves typically have no fourchettes. Recently, some foreign glove manufacturers have added a token fourchette on the inside of the little finger, at minimal cost, to qualify for this lower duty category. This legislation would require that all imported gloves have fourchettes between each of the four fingers extending the length of the fingers. Customs first decided to handle these imports of gloves in this manner in 1975.

The legislation's principal impact would be upon gloves now classified in item 705.85 and reported under annotation 705.8520. These gloves are primarily of two types: plastic or vinyl dress gloves, and coated or partially coated work gloves. Approximately 60 percent of the total import value of gloves reported under this annotation is attributable to dress gloves which are cut and sewn of vinyl material. Many of these gloves are currently constructed with two vinyl fourchettes and one textile fourchette, while others may have more than one textile fourchette. The remainder of the gloves reported under this annotation are coated and partially coated work gloves, which are cut and sewn from fabric which has been coated or impregnated with plastic. These work gloves are currently constructed with the textile fourchette between the ring finger and the little finger, and some are constructed with textile sidewalls. Inclusion provides a classification in TSUS item 705.85 rather than in TSUS item 705.86, which has a higher duty rate.

Over two-thirds of the gloves entering under TSUS item 705.86 are coated and partially coated work gloves. These gloves are virtually the same as those entering under item 705.8520, except they do not have fourchettes or sidewalls. The remainder of the gloves classified in item 705.86 are dipped supported work gloves and vinyl dress gloves, constructed with vinyl fourchettes, not textile fourchettes.

The imported vinyl dress gloves are worn for appearance and warmth in the winter. There is believed to be no U.S. production of these products. Domestic production of these gloves ranges from less expensive, general purpose gloves to more expensive, specialty work gloves. Industry sources indicated that the general purpose gloves constitute the bulk of their domestic production. Most of the imported gloves are also general purpose work gloves.

Approximately 20 to 25 firms produce coated and partially coated work gloves. These firms are located primarily in the Northeast, Southeast, and Midwest.

The five largest U.S. producers of rubber and plastic work gloves accounted for an estimated 70 percent of total domestic production in 1982. Most of these firms manufacture primarily rubber and plastic work gloves. It is estimated that over 3,000 persons are employed in the production of these gloves.

U.S. producers' shipments of these gloves increased from 4.6 million dozen pairs in 1978 to 5.0 million dozen pairs in 1979, or by 10 percent, and then decreased 27 percent to 3.7 million dozen pairs in 1982. Industry sources indicated that demand for these items has been sluggish since 1979 and that the industry is currently operating at 65 to 70 percent of capacity.

Imports under both items decreased just over 50 percent, from 3.5 million dozen pairs valued at $28 million in 1978 to 1.6 million dozen pairs valued at $13.4 million in 1982. Imports of gloves with fourchettes (TSUSA item 705.8520) were much greater than those without fourchettes (TSUS item 705.86) and accounted for approximately 85 percent of the total during 1978-82. The imports of gloves with fourchettes consisted roughly of 60 percent vinyl dress gloves and 40 percent coated or partially coated work gloves. Therefore, it is estimated that the quantity of coated work gloves with fourchettes imported during the period was approximately twice the level of those without fourchettes.

Taiwan was the leading supplier of gloves with fourchettes until 1982, when the People's Republic of China became the major supplier.

The rubber and plastic gloves which the legislation intends to cover are classified in items in subpart C, part 1, of schedule 7 of the TSUS. The rates of duty on these TSUS items will become identical (14 percent) in 1987 as a result of staged reductions granted in the Tokyo round of the Multilateral Trade Negotiations (MTN). Therefore, the comparative duty difference that would result from enactment of the bill will diminish annually and disappear. These duty reductions will be implemented in 1-year intervals (staging) over a period of six years, with the initial reductions effective July 1, 1980.

SECTION 114. UNIFORM TARIFF TREATMENT OF TOYS FOR PETS

(Originally introduced as H.R. 2270 by Mr. Garcia)

Section 114 would amend subpart A of part 13 of schedule 7 of the Tariff Schedules of the United States (19 U.S.C. 1202) to provide for the uniform tariff treatment of toys for pets (provided for in a number of categories in schedule 3 and schedule 7) by inserting a new TSUS item 790.57 in schedule 7.

This legislation, supported by certain New York importers of toys for pets, was pursued based upon the logic that all toys for pets—most of which are very small in size—should be subject to similar duty. Particularly, small toys of textile products (i.e., fabric toys with catnip for cats) should be subject to lower duty rates than those currently provided under schedule 3 (Textile Fabrics), where duties can be as high as 20 percent. This would place these textile toys under schedule 7 (Specified Products; Miscellaneous and Nonenumerated Products). The net effect would be a duty reduction on certain textile toys, however, the duty would increase on some items.

The purpose of the legislation is to insure that the rate of duty on the subject toys is no higher than the rate of duty currently assessed on toys for pets, of rubber or plastics, provided for in TSUS item 773.05. The current rate of duty on the latter item is 8.5 percent ad valorem. The legislation also seeks to unify and simplify the assessment of duty on toys for pets regardless of the type of material from which they are constructed.

Vo-Toys, Inc., located in the Bronx, New York City, N.Y., along with other importers and domestic producers of toys for pets, of textile materials, describe these toys as being used primarily by cats, and to a lesser extent by dogs, for the purpose of chewing, scratching or playing. The bulk of these toys are constructed from fabric scraps obtained from apparel and upholstery operations. In most instances, the cut pieces are sewn together by machine, stuffed by hand, and then closed by hand sewing. They are sold either by the dozen or by the gross.

Information from domestic producers reveals that the domestic capability to produce toys for pets, of textile materials, still exists. Domestic producers also indicate that the subject toys for pets are produced in both cottage-type and mass production operations in the United States. There are known to be 10 producers, and it is believed there may be more. The largest producers, and the locations of their operations, are reported to be as follows: Dr. A. C. Daniels, Inc., Webster, MA; Petway Products Distributors, Inc., Yongers, NY; SIT Knitting Co., Binghamton, NY.

Production data in the United States for toys for pets, of textile materials, is not separately reported. However, based upon estimates derived from industry sources, the value of annual domestic production is believed to be about $1 million.

It is estimated that total imports of the subject toys for pets did not exceed $5 million in 1982. Importers have indicated that the primary sources of these toys for pets were Korea, Taiwan, Hong Kong, Thailand and Haiti.

It is believed that the level of imports is four or five times domestic production on an annual basis. It also appears that a significant domestic market exists for toys for pets, and virtually all imports and production are consumed domestically.

Toys for pets, of textile materials, are currently provided for, together with numerous other products, in TSUS items 386.04, 386.06, 386.13, 386.15, 386.20, 386.25, 386.30, 386.40, 386.50, 387.10, 387.20, 387.25, 387.32, 387.37, 388.10, 388.30, 388.40, 389.40, 389.50, 389.62, and 389.70.

The effect of the tariff concessions, agreed to under the Multilateral Trade Negotiations (MTN), upon these schedule 3 categories is that the most-favored-nation rate of duty will be reduced in annual stages.

The United States has granted an accelerated reduction of the MFN rate of duty for imports from the least developed developing countries (LDDC rates). Haiti is the only known source affected by the accelerated reduction of the MFN rate of duty. The subject toys for pets, when classifiable in TSUS items 386.13, 387.25 and 387.32, are granted duty-free treatment under the Generalized System of Preferences (GSP).

SECTION 121. CRUDE FEATHERS AND DOWN

(Originally introduced as H.R. 1888 by Mr. Jenkins)

Section 121 would amend items 903.70 and 903.80 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) to provide for the three year extension of the suspension of duty on crude feathers and down until June 30, 1987. This would be amended by striking out "on or before 6/30/84" and inserting in lieu thereof "on or before 6/30/87".

Feathers and down are unique to birds and are composed of the protein substance keratin. They are valued for their light weight and insulating qualities.

Feathers are elongated and flat and consist of a rigid stem (quill) with fibers extending on opposing sides. There are two principal types of feathers—fancy and bedding. The fancy type usually is composed of large wing or tail feathers from various wild birds, chickens, ducks and geese. Most of these are used for decorative purposes such as in millinery and fancy clothing. Some fancy feathers, especially neck feathers (hackles) of certain birds, are used to make artificial flies for fishing.

Down consists of an irregularly spherical mass of fuzzy fibers emanating from a common point on the quill. Down is softer, more resilient, and has better insulating characteristics than feathers and is in more limited supply, thus making it more valuable. Down is obtained mainly from waterfowl and is far more expensive than feathers.

Waterfowl feathers and down (especially those from geese) have better insulating characteristics than do feathers from chickens and other birds and, therefore, are in greater demand and are more expensive. Although there are no apparent qualitative or functional differences, white feathers and down generally command a higher price than do those of other colors.

In the United States, the principal use of bedding feathers and down is in pillows. Chicken feathers are used in low-priced pillows. Waterfowl feathers and down, as well as mixtures of the two, are used in more expensive pillows and in expensive comforters, sleeping bags and cold weather clothing. In recent years there has been increased demand for down for sporting goods and clothing. Down alone is customarily used in medium- and high-priced pillows.

Almost all domestically produced feathers and down are obtained as a by-product of raising chickens, turkeys, ducks and geese for meat. U.S. poultryment, except those raising ducks and geese, give relatively little consideration to the price of feathers and down in determining the size of their flocks.

Several concerns specialize in the collection, cleaning and sorting of domestic bedding feathers and down in the United States; many of them also handle imported feathers and down. Most operate near Chicago or New York City.

The collection and sorting of domestic fancy feathers and the importing of foreign fancy feathers are done largely by importer-dealers, which maintain large stocks of both crude feathers and feathers dyed or further advanced in condition. These importer-dealers sell chiefly to millinery manufacturers, which may also import fancy feathers on their own account.

U.S production of feathers and down affected by this legislation is estimated to have been about 15 million pounds annually in recent years. The bulk of such production is of chicken feathers. About 3 million to 5 million pounds of waterfowl feathers and down are estimated to be produced annually; the bulk is from ducks, with U.S. production of goose feathers and down estimated at less than 0.5 million pounds annually.

U.S. imports of feathers and down fluctuated during 1978–82, ranging from a low of 10 million pounds valued at $38 million in 1979, to a high of 17 million pounds valued at $74 million in 1981. Virtually all U.S. imports consist of waterfowl feathers and down which are largely imported in the unprocessed and crude state.

The People's Republic of China (China) generally was the leading supplier of feathers and down to the United States during 1978–82. China is the world's major producer of waterfowl feathers and down, as waterfowl are important in the diet of people in that country. China accounted for an annual average of about 39 percent of the total quantity and about 32 percent of the total value of all feathers and down imported by the United States during 1978–82. Other major suppliers were France, West Germany and Yugoslavia.

Major importers, many of which also process feathers and down, include Northern Feather Incorporated, New Jersey; Knickerbocker Feather Company, New York; Pacific Coast Feather Co., Washington; Down Products Corp., New Jersey; York Feather and Down Corp., New York; and Sanydown Feather Corp., New York.

U.S. exports of feathers and down ranged from a low of 3 million pounds valued at $15 million in 1978, to a high of 6 million pounds valued at $47 million in 1981. The Republic of Korea was the principal U.S. export market for feathers and down during 1978–82, accounting for an average of about one-fifth of the total quantity and about one-half of the total value of U.S. exports during the period. Other major markets include Japan, Taiwan and Canada.

Feathers and down, which are the subject of this legislation, are provided for in item 186.15, with a column 1 rate of duty of 7.5 percent ad valorem and a column 2 rate of duty of 20 percent ad valorem. The column 1 rate was reduced from 15 percent ad valorem on January 1, 1980, as a result of the Tokyo round of the Multilateral Trade Negotiations (MTN). It is not scheduled for further reduction. Imports classifiable under item 186.15 are eligible for duty-free treatment under the Generalized System of Preferences, if a product of a designated beneficiary developing country.

SECTION 122. CANNED CORNED BEEF

(Originally introduced as H.R. 2502 by Mr. Russo)

Section 122 would amend the Appendix of the Tariff Schedules of the United States (19 U.S.C. 1202) to provide for the temporary continued reduction of duty for a period of six years on canned corned beef (provided for in item 107.48, part 2B, schedule I) beginning on October 30, 1983, and extending through October 29, 1989, by inserting in numerical sequence a new TSUS item, item 903.15. The Column 1 (MFN) duty on canned corned beef will continue to be 3 percent ad valorem.

Imports of canned corned beef come primarily from either Argentina or Brazil. Due to a trade agreement following the Tokyo round of trade negotiations involving hides and corned beef, the duty on imports had been set at 3 percent ad valorem. As Argentina has elected not to keep its part in the agreement, a notice of termination was given and the agreement cancelled at the end of October 1982 (with a one year extension granted until October 29, 1983, due to a section 301 determination) resulting, among other things, in an increase in the duty on canned corned beef to 7½ percent ad valorem. As Argentina will continue to receive duty-free treatment on this item under the GSP, as their exports of this product did not exceed the 50 percent competitive need limitation in 1982, the disparity between the duty paid by Brazil (7½ percent) and Argentina (0 percent) will give a greater advantage to Argentina from October 30, 1983, to March 31, 1984. Brazil will continue at 7½ percent. It could be assumed that Argentina will exceed the 50 percent competitive need limitation in 1983 and will not be eligible for duty-free treatment under GSP from April 1, 1984, to March 31, 1985.

This item is for canned corned beef which is not produced in the U.S., whereas, fresh corned beef is produced in the U.S., but the two do not compete in the same market in the United States.

Imported canned corned beef (TSUS item 107.48) is prepared by dicing beef into 1-inch cubes, cooking it in water, curing and seasoning it in a sodium nitrite brine solution and then canning and sterlizing it.

About 80 percent of the imported canned corned beef is in containers each holding 6¾, 8, or 10 pounds and most is used by food processors to make corned beef hash; some is used by insitutions for slicing and making sandwiches.

About 20 percent of the imports consist of 8- and 12-ounce cans commonly found in grocery stores; these imports are used for making sandwiches, salads, and casseroles.

The great bulk of U.S. production of pasteurized canned corned beef is marketed in containers each holding 12¾ pounds. Most of this beef is sold to institutions for slicing and making sandwiches. This product is not sterlized and does not require refrigeration. A small quantity of sterilized canned corned beef is reported to be produced in the United States at least periodically. This product is in retail-sized (12-ounce) containers and mostly used for the same purposes as the imported beef.

The domestic industries that might be affected by enactment of H.R. 2502 include those that use imported canned corned beef in the manufacture of other food products (corned beef hash) as well as those that produce small amounts of canned corned beef.

Domestic canned corned beef, in 12¾ pound containers, is made by the Wilson Foods Corporation, Cedar Rapids, Iowa, and the domestic retail-sized canned corned beef, in 12-ounce containers, is made by the Old Ranchers Canning Company, Upland, California.

The principal U.S. food processing companies using imported canned corned beef in making corned beef hash are: Geo. A. Hormel and Co., Beloit, Wisconsin, and Stockton, California; Trenton Foods, Trenton, Missouri, Libby McNeil & Libby, Chicago, Illinois; Armour & Co., Fort Madison, Iowa, and Phoenix, Arizona; Vince Maid Co., Inc., Vineland, New Jersy; and Castelberry's Foods, Augusta, Georiga.

Data on U.S. production of pasteurized canned corned beef, as reported by the U.S. Department of Agriculture, are shown in the following tabulation:

Year:	*Quantity*[1] *(1,000 pounds)*
1978	1,895
1979	1,676
1980	877
1981	904
1982	843

[1] These data include canned corned beef that is pasteurized but, unlike the imported product, not sterilized.

U.S. imports of canned corned beef have declined irregularly from 83 million pounds in 1978 to 69 million pounds in 1982. In 1978 Brazil had 34 percent of the important market and Argentina had 56 percent. By 1982, Brazil had 52 percent of the import market and Argentina 43 percent. The value of imports declined from a peak of $113 million in 1980 to $74 million in 1982. Imports accounted for nearly all of U.S. consumption during 1978–82.

In 1982, imports from Brazil amounted to 36 million pounds and accounted for 52 percent of total imports, while imports from Argentina amounted to 30 million pounds, or 43 percent of the total. There was no imports from countries receiving the column 2 rate of duty.

The current rates of duty applicable to U.S. imports of canned corned beef covered under TSUS item 107.48 column 1 (MFN) is 3 percent. Those countries covered under column 2 would be 30 percent. The item is currently designated as eligible for duty-free treatment under the U.S. Generalized System of Preference (GSP) with certain designated countries ineligible (Brazil currently in the latter category).

As a result of the United States-Argentine Agreement Concerning Hide Exports and Other Trade Matters (TIAS 9976) the United States, among other things, lowered the post-Kennedy round column 1 rate of duty for canned corned beef from 7.5 percent ad valorem to 4.5 percent ad valorem on October 1, 1979, and to 3.0

percent ad valorem on October 1, 1980 (Pres. Proc. 4694 of September 29, 1979).

Because Argentina took action inconsistent with its obligation under the Agreement, the President terminated the Agreement (Pres. Proc. 4993 of October 30, 1982) and, among other things, the column 1 rate of duty applicable to TSUS item 107.48 will, unless some earlier action is taken with regard thereto, remain in effect until October 30, 1983, at which time it will revert to 7.5 percent ad valorem.

SECTION 23. HOVERCRAFT SKIRTS

(Originally introduced as H.R. 2320 by Mr. Edgar)

Section 123 would amend the Appendix of the Tariff Schedules of the United States (19 U.S.C. 1202) to provide for the continued temporary suspension of duty on certain textile fabrics used in the manufacture of hovercraft skirts until July 1, 1986, by striking out the date of June 30, 1983, and inserting in lieu thereof the date of June 30, 1986.

Officials of Hover Systems, Inc., manufacturers of this product, describe the fabric used in hovercraft skirts as woven of nylon yarn and coated on both sides with natural rubber. The uncoated fabric weighs 20–25 ounces per square yard; the coated fabric weighs 88–100 ounces per square yard. High strength, abrasion resistance, and resistance to cracking at low temperatures are important characteristics of the fabric. Natural rubber has been used, in preference to synthetic rubbers and other coating substances, because of its high durability under extreme weather conditions including those encountered in arctic regions.

The fabric is cut into parts of varying sizes and shapes in the UK, and is assembled complete with attachments as a skirt to the hovercraft in the USA. Hover Systems, Inc., reports that they ship the fabricated skirts, in unassembled condition, from their subsidiary in England.

The completed skirt is inflatable and functions as a flotation device. The inflated skirt is large enough to lift the metal structure of the hovercraft completely above the surface of the water or above such hard surfaces as ice. Hovercraft vary in size from small passenger carriers to barges designed for transportation of freight.

Officials of Hover Systems, Inc., stated that they have attempted to purchase these fabrics from domestic automobile tire producers and other producers of coated fabrics. They were unable to locate a domestic source of supply or to encourage its production. The limited market for this highly specialized fabric is believed to be a disincentive to domestic production. Imports of this fabric under TSUS item 359.50 are believed to be nil or negligible.

Although there are numerous producers of coated fabrics in the United States, there is no known domestic industry which produces or trades in specialized coated fabrics of this type. Avon Industrial Polymers, Ltd., of England is understood to be the major producer of such fabrics. An English subsidiary of Hover Systems, Inc., buys fabric from Avon, cuts the fabric into skirt components, and ships the components to the parent company in Media, Pennsylvania, where assembly of the skirt components takes place, and where the completed skirt is attached to the hull of the hovercraft.

This item, provided for under item 359.50 of the TSUS, would have a column 1, MFN, duty rate of 6.8% ad valorem if this suspension is not extended. The initial suspension of duty on this item was provided for under PL 96-609, which provided a suspension of duty extending until June 30, 1983.

The United States has not granted an accelerated reduction of the MFN rate of duty for these fabrics if they are products of the least developed developing countries (LDDC rates). These fabrics are not eligible for duty-free entry under the Generalized System of Preferences (GSP).

SECTION 124. DISPOSABLE SURGICAL DRAPES AND STERILE GOWNS

(Originally introduced as H.R. 1226 by Mr. Whitten)

Section 124 would amend the Tariff Schedules of the U.S. (TSUS) by inserting a new item 905.50 in the appendix to the TSUS which would equalize the rates of duty between paper products and the nonwoven manmade fiber products, and would reduce both the column 1, MFN, and column 2 rates of duty on bonded fiber fabric disposable sterile gowns of manmade fibers and bonded fiber fabric disposable surgical drapes of manmade fiber. The column 1 rates would be reduced from a high rate of 16¢/lb.+24 percent (29.1 percent equivalent) to a rate of 5.6 percent ad valorem. The column 2 rates would be reduced from 76 ad valorem to 26.5 percent ad valorem. The reduction would be for a period of about five years, until January 1, 1989.

The articles under consideration for temporary duty reductions are made from nonwoven manmade fiber fabric and—like their counterpart paper products—are designed for one-time use in hospitals, clinics, laboratories, or contaminated areas. The surgical drapes are sheet-like covers used in operating rooms. The sterile gowns and surgical drapes made from nonwoven manmade fiber fabric or paper are often sterilized and treated with antistatic, antimicrobial, or other chemicals.

The nonwoven manmade-fiber disposable apparel and surgical drapes are made primarily from a web of textile fibers which are assembled and held together by applying a bonding or adhesive agent or by fusing self-contained thermoplastic fibers.

The construction of the garments and surgical drapes, whether of non-woven fabrics or of paper, is similar. The nonwoven fabric and paper are cut into the desired parts which are then assembled, either by sewing, gluing, or both. The articles are usually chemically treated and then packaged and sterilized.

The nonwoven manmade-fiber product accounts for about a fourth of U.S. sales of disposable apparel and surgical drapes; the paper product accounts for the remainder. Although the two products are interchangeable in terms of end uses, the nonwoven product is usually softer to the touch and more resistant to liquids and linting, thereby reducing the possibility of infection. On the other hand, the paper product reinforced with manmade fibers might be more suitable for an examination gown, which is usually subject to less stress and is worn for a shorter period of time than other disposable garments.

There are approximately 10 firms producing disposable hospital gowns and surgical drapes in the United States. The two largest firms are American Converters Division of American Hospital Supply Corp., and Surgikos, a division of Johnson and Johnson. Both producers are located in Texas, and account for approximately 70 percent of the U.S. market. The following firms comprise the majority of the remaining manufacturing capability: Mars, Division of Workwear, Columbus, Mississippi; Buckeye Cellulose Division, Cincinnati, Ohio; Kendall, Neenah, Wisconsin; The Kimberly-Clark Co., Neenah, Wisconsin, which has requested the proposed legislation, accounts for about 3 percent of the market.

The two leading firms, as well as several of the smaller companies, make use of TSUS item 807.00 in the manufacture of disposable hospital apparel. Converters and Surgikos together employ approximately 1,000 people in the United States, and about 3,000 people in Mexico, to perform the assembly operations.

With the exception of Surgikos, these firms produce disposable hospital apparel and surgical drapes from both paper and from non-woven manmade-fiber fabric. Surgikos produces these items in paper or paper reinforced with manmade-fibers. Virtually all production of nonwoven manmade-fiber fabric is accounted for by Kimberly-Clark, E.I. du Pont de Nemours & Co., and Dexter Industries. The United States is the leading country in the technological development of nonwoven manmade-fiber fabric.

Kimberly-Clark has announced that it will be constructing a new plant in LaGrange, Georgia, which will employ about 200 persons. The plant will produce a polypropylene base sheet, which is then shipped to Arizona for cutting and then to Mexico for assembly into the finished gowns and drapes. The competitive paper products are reinforced with polypropylene (45–55 percent), and therefore represent a very similar product at a significantly lesser duty (5.6 percent).

Leading importers of these disposable hospital apparel items were American Converters Division of American Hospital Supply, Evanston, Illinois, Surgikos Division of Johnson and Johnson, New Brunswick, New Jersey; Mars Division of Workers Corporation, Cleveland, Ohio, Buckeye Cellulose Division, Proctor and Gamble, Cincinnati, Ohio.

The nonwoven manmade-fiber disposable gowns and surgical drapes are classified for tariff purposes as textile products under schedule 3 of the "Tariff Schedules of the United States Annotated" (TSUSA); the gowns are covered by statistical annotations to two items, while the drapes are provided for in a residual or "basket" category. The column 1, MFN, tariff treatment applicable to these products is as follows: Disposable apparel—16¢ + 24 percent ad valorem; surgical drapes—16¢ + 13 percent ad valorem.

The nonwoven manmade-fiber disposable apparel and surgical drapes are not eligible for duty-free entry under the Generalized System of Preferences (GSP), and no LDDC rates of duty are provided. However, disposable apparel and surgical drapes made from paper, classifiable in item 256.87, are eligible for duty-free treatment under the GSP, unless a product of Mexico.

Although virtually all U.S. imports of textile products made of manmade fibers are subject to control under the Multifiber Arrangement (MFA), the disposable gowns and surgical drapes made from nonwoven manmade-fiber fabric are currently excluded from restraint. Effective January 1, 1979, as a result of the textile trade agreement negotiated with Mexico, separate statistical provisions were created in the TSUSA for the disposable apparel in order to remove the items from control under the MFA.

Because production of disposable apparel is labor intensive, a number of U.S. producers have operations in Mexico to assemble the garments from parts that were cut in and shipped from the United States. The disposable apparel and other articles assembled from U.S. fabricated components and returned to the United States as finished or partially finished products enter under TSUS item 807.00. This item provides that the duty assessed on articles assembled abroad or wholly or partly with U.S. fabricated components be applied to the full value of the imported articles less the value of the U.S. components. For the most part, the duty is assessed on the value added abroad.

It is the intent of the Committee on Ways and Means that the disposable gowns herein discussed are those for medical use only and not those of industrial use.

SECTION 125. MXDA AND 1,3-BAC

(Originally introduced as H.R. 1667 by Mr. Russo)

Section 125 would amend subpart B of part 1 of the Appendix to the TSUS (19 U.S.C. 1202) by inserting in numerical sequence new item 907.03 and 907.04 to cover these two chemicals with a column 1, MFN, duty rate of "free". There will be no change in the column 2 duty.

MXDA and 1,3-BAC are used by the Sherwin-Williams Company of Illinois to produce epoxy curing agents, engineering type nylons, certain epoxies and diisocyarates. 1,3-BAC is produced from MXDA, which is produced from meta-Xylene, a compound which may be used in solvents or insecticides or as an intermediate in dyes. These are used in the manufacturing of glues for aerospace, nylons of high tensile strength and temperature stresses, epoxy curing agents and urethene systems used in flooring, adhesives, coatings, sealants and casting compounds. 1,3-BAC has an advantage of being resistant to ultraviolet light.

Sherwin-Williams produces the base chemical IPN at its Chicago plant. This is then shipped to Japan for hydrogenation. MXDS and 1,3-BAC are then supplied to Sherwin-Williams for its market development. Sherwin-Williams claims they will construct facilities to handle the intermediate process if a market develops for these materials. Suspension of the duty will help enhance the market development, in Sherwin-Williams' views.

There are two competitive products which may fulfill some, but not all, of the uses of these products. These are IPDA (sophorene diamine) imported from Germany and MDA (menthyl diamiline), which DuPont has the capability to manufacture.

During the past five years, these two chemicals have not been produced commercially in the United States. Sherwin-Williams has surveyed other domestic chemical firms in an effort to obtain a domestic producer, but the relatively small amounts required at the present time are insufficient to justify the cost of constructing and maintaining production facilities for these chemicals.

In 1982, imports of MXDA, by quantity, were approximately 36,000 pounds from Japan. Imports of 1,3-BAC during that year amounted to approximately 7,000 pounds, also from Japan. The only importer of these chemicals during the past five years was Sherwin-Williams Co.

As a result of the Trade Agreements Act of 1979, MXDA is presently classified in TSUS item 404.88, other amines and their derivatives provided for in the Chemical Appendix to the TSUS. 1,3-BAC is classified in TSUS item 407.05, other benzenoid-derived products not provided for in subpart A or C of part 1 which are provided for in the Chemical Appendix to the TSUS. Item 404.88 has a column 1 (MFN) duty rate of 1.4 cents per pound plus 18.8 percent ad valorem. The column 2 rate is 7 cents per pound plus 60 percent ad valorem, and the LDDC rate is 1.1 cents per pound plus 18.8 percent ad valorem. Item 407.05 has a column 1 (MFN) duty rate of 1.7 cents per pound plus 16.8 percent ad valorem, a column 2 rate of 7 cents per pound plus 53.5 percent ad valorem, and no LDDC rate of duty. The column 1 rate of duty for item 404.88 is scheduled for annual staged reductions with the framework of the Tokyo round of the MTN. Item 407.05 is not scheduled for any staged reductions. The chemicals classified in items 404.99 and 407.05 are not eligible for duty-free entry under the Generalized System of Preferences (GSP).

SECTION 126. 4,4-BIS (A,A,-DIMETHYL BENZYL) DIPHENYLAMINE

(Originally introduced as H.R. 1951 by Mr. Ratchford)

Section 126 would amend the Appendix of the Tariff Schedules of the United States (19 U.S.C. 1202) to provide for the temporary suspension of duty on 4,4-Bis(a,a-dimethylbenzyl) diphenylamine (provided for in item 404.88, part 1B, schedule 4) until June 30, 1986, by inserting in numerical sequence a new TSUS item 907.06.

Dimethylbenzyldiphenylamine is an antioxidant used for stabilizing polymers in urethane polymers, elastomers, plastics and resins and lubricating oils. Inlcuded among the uses of this chemical are polyether polyols and rubber and plastic wire and cable insulation. This product is currently manufactured only by Uniroyal, Inc.

Uniroyal currently manufactures this chemical at its Elmira, Ontario, plant. The domestic plant at Naugatruh, Connecticut, which had been used to produce this chemical, is now fully utilized in the manufacture of pesticides. Therefore, the domestic consumer must now rely on imports from its Canadian plant as its only source of this chemical. The legislation would suspend the duty on this chemical; this duty presently increases the manufacturing costs of the derivative products and raises the ultimate costs to domestic and foreign purchasers.

During 1978–82, imports of this chemical were relatively small, according to an industry source, because domestic production was able to satisfy demand. In 1982, imports gradually increased as production shifted to Canada, amounting to approximately 400,000 pounds valued at $660,000. These imports were essentially between Uniroyal's Canadian subsidiary and its domestic chemical division.

As a result of the Trade Agreements Act of 1979, 4,4-Bis(a,a-dimethylbenzyl)diphenylamine is presently classified in TSUS item 404.88, other amines and their derivatives provided for in the Chemical Appendix to the TSUS. Item 404.88 has a column 1 (MFN) duty rate of 1.4 cents per pound plus 18.8 percent ad valorem. The column 2 rate is 7 cents per pound plus 60 percent ad valorem, and the LDDC rate is 1.1 cents per pound plus 18.8 percent ad valorem. The column 1 rate of duty is scheduled for annual staged reductions within the framework of the Tokyo round of the MTN. The chemicals classified in item 404.88 are not eligible for duty-free entry under the Generalized System of Preferences (GSP).

SECTION 127. FLECAINIDE ACETATE

(Originally introduced as H.R. 1995 by Mr. Frenzel)

Section 127 would amend subpart B of part 1 of the Appendix of the Tariff Schedules of the United States (19 U.S.C. 1202) to provide for the temporary suspension of duty on Flecainide acetate (provided for in item 412.12, part 1C, schedule 4) until June 30, 1986, by inserting in numerical sequence a new TSUS item 907.21.

This drug, which will be imported in its finished state if approved by the Food and Drug Administration (FDA), will be used to assist in treating certain heart problems. The drug is partially processed in the United States but then must be sent overseas to be finished, as the facilities to finish the process are not available in the United States.

If approved by the Food and Drug Administration, flecainide acetate will be used as a cardiac depressant (anti-arrhythmic) agent. Currently, the FDA lists flecainide acetate as an investigatory new drug in the clinical trial stage.

About 30 to 40 anti-arrhythmic drugs are currently available. Since it is rarely possible to predict the patient response to a given drug of this type, it is often necessary to try various drugs, either alone or in combination. In practice, the physician's proper choice of a drug or drugs for the treatment of cardiac arrhythmias is largely empirical.

Flecainide acetate is not produced in the United States. Several anti-arrhythmic drugs are produced in the United States but, in view of the variable patient response to drugs of this type, to characterize domestically produced drugs as "like" or "directly competitive" with flecainide acetate would be inaccurate. At present, domestic consumption is negligible as, until approval is obtained, it is only being used in certain clinical trials.

Flecainide acetate is classified under TSUS item 412.12 as a cardiovascular drug not provided for in the Chemical Appendix to the TSUS. Prior to July 1980, the column 1 rate of duty was 1.7 cents per pound plus 12.5 percent ad valorem. Effective July 1, 1980, this rate was reduced to 8 percent ad valorem. The current column 1 rate of duty reflects the full U.S. Multilateral Trade Negotiations (MTN) concession rate implemented without staging for articles classifiable under TSUS item 412.12. The column 2 rate of duty is 7 cents per pound plus 65 percent ad valorem.

Imports from designated beneficiary developing countries under TSUS item 412.12 are not eligible for duty-free entry under the Generalized System of Preferences (GSP). There is no concession rate for products of LDDCs.

SECTION 128. CAFFEINE

(Originally introduced as H.R. 2265 by Mr. Downey)

Section 128 would amend item 907.22 of the Appendix to the TSUS (19 U.S.C. 1202) by replacing the expiration date of 12/31/83 with the new date of 12/31/85. Additionally, the column 1, MFN, duty rate would be reduced from the current level of 6 percent ad valorum to 4.1 percent ad valorem.

In the last session of Congress as a part of H.R. 4566, section 138, the duty of caffeine was temporarily reduced from a level of 8 percent to its present level of 6 percent, such reduction to expire on December 31, 1983. The bill which had been introduced had requested a five year phase-down. The domestic industry and Commerce objected to the five year phase-down without a matching reduction from the EC, and therefore a one year trial reduction was agreed to. Subsequently, the EC has matched the reduction. STR are currently pursuing negotiations for a further mutual reduction with the EC, however it is not anticipated that negotiations will be complete by the time the current reduction expires. This two year reduction is considered as a signal to the EC of our positive intentions to pursue reduction.

During the Tokyo round of Multilateral Trade Negotiations (MTN), the United States negotiated tariff reductions on some items including caffeine, based on a staged reduction of the ad valorem equivalent determined by the Commission.

Pure caffeine is a white, odorless, crystalline powder with a bitter taste, it is one of the xanthine alkaloids and occurs naturally in coffee beans, tea leaves, and kola nuts. Caffeine is a central nervous system stimulant. Most caffeine is produced by chemical synthesis or as a by-product of the production of decaffeinated coffee.

The principal end-use for caffeine is in cola soft-drinks. As a drug, caffeine is frequently added to analgesic and cold and allergy preparations to counteract drowsiness caused by other drugs in the preparation.

In 1981, caffeine was produced domestically by Pfizer, Inc., General Foods Corp., and Certified Processing Corp. Estimated 1981 domestic production was less than 4.9 million pounds.

Virtually all caffeine is imported in bulk under TSUS item 437.02 of the TSUS. Imports of caffeine under TSUS item 438.02 are believed to be nil. Imports in 1982 totalled 3 million pounds with a value of 12 million dollars.

West Germany supplied 91 percent of the quantity of caffeine imported in the United States in 1982 and was the dominant foreign supplier during 1978–82.

Export data for caffeine are not available, but U.S. exports of caffeine are believed to be negligible.

Caffeine is classifiable under TSUS item 437.02 when imported in bulk form, which is the way in which most caffeine is imported. The column 1 duty rate for item 437.02 is 8 percent ad valorem, the least developed developing country (LDDC) rate of duty is 6 percent ad valorem, and the column 2 rate of duty is 59 percent ad valorem.

Caffeine imported in dosage forms (pills, ampoules, etc.) rather than in bulk is classifiable under TSUS item 438.02, covering drugs, provided for in part 3B of schedule 4. Such caffeine would not be affected by this legislation.

Imports from all designated beneficiary developing countries under TSUS items 437.02 and 438.02 are eligible for duty-free entry under the Generalized System of Preferences.

SECTION 129. WATCH CRYSTALS

(Originally introduced as H.R. 2316 by Mr. Conable)

Section 129 would temporarily reduce for a period of three years until June 30, 1986, the duty on odd-shaped or fancy watch crystals to the duty applicable to round watch crystals. The column 1, MFN, duty rate would be 6.2 percent ad valorem, which is equal to the duty on round watch crystals. There would be no change in the column 2 rate. The LDDC rate for the period this item is in effect would be 4.9 percent ad valorem.

This reduction would be achieved by amending subpart B of part 1 of the Appendix to the TSUS (19 U.S.C. 1202) by inserting, in numerical sequence, a new item 909.40 to provide for the reduction in duty on odd-shaped or fancy watch crystals to the rate applicable to round watch crystals for a three year period until the close of June 30, 1986. During the period this is in effect, the rate of duty on watch glasses that are a product of a LDDC shall be 4.9 percent ad valorem. The bill would also provide that the staged rate reduction on duty applicable to round watch crystals would also apply to the fancy shaped watch crystals.

The duty on round watch glasses was originally negotiated with France to a level below that of the other watch glasses. It was then applied on an MFN basis under the General Agreement on Trade and Tariffs (GATT) in 1948. The higher rate of duty for fancy or odd-shapped watch glasses is believed to have been intended to provide protection to the U.S. industry producing the articles at that time.

Watch glasses, other than round watch glasses, are made from strips of sheet of pressed glass, which are cut, ground, pressed, or stamped to the desired shape and size. Plastic watch glasses, which are also classified in Tariff Schedules of the United States (TSUS) item 547.13, are made by injection molding. All of these types of glasses are used as crystals in watches.

The U.S. watch glass industry is small, with six known firms producing glass and plastic watch glasses. Most of these firms are located in the New York City area and are privately held. In general, the industry sells most of its production in the watch glass replacement market. Several of these firms also have a significant export market, shipping watch glasses to many countries. It is believed that the five largest companies account for at least 80 percent of the industry's sales.

U.S. imports of watch glasses other than round glasses declined significantly during 1978–81, from 724,632 dozen valued at $1.4 million in 1978, to 90,861 dozen valued at $790,305 in 1981, an 87 percent decline in quanitity. U.S. imports rose slightly in 1982 to 95,419 dozen valued at $451,562.

The decrease in watch glass imports is primarly a result of decreased U.S. watch and watch case production and increased watch imports. In addition, some plastic watch glasses have recently been classified as parts of watches, and industry sources state that some other importations containing watch glasses have been classified as watch parts.

In 1982, the United Kingdom, Japan and France were the principal suppliers of this merchandise, accounting for nearly 85 percent of imports by quantity. During the 5-year period under consideration, there were no importations form column 2 countries.

For products entered under TSUS item 547.13, the column 1 rate of duty for watch glasses other than round in 1983 was 16.8 percent ad valorem. Imports under this item from all beneficiary developing countries are eligible for duty-free entry under the Generalized System of Preferences (GSP). LDDC imports are dutied at 9.6 percent ad valorem.

SECTION 130. UNWROUGHT IRON

(Originally introduced as H.R. 1967 by Mr. Frenzel)

Section 130 would amend subpart B of part 1 of the Appendix to the Tariff Schedules of the United States by striking out 6/30/83 in item 911.50 and inserting 6/30/88. Section 114 of P.L. 96–609 would also be amended by striking out July 1, 1983 in subsection (b) and inserting July 1, 1988.

The three and one-half year temporary reduction of duty on unwrought lead other than lead bullion which would be extended if this were enacted, provides for a column 1, MFN duty of 3 percent ad valorem on the value of the lead content. The duty, however, cannot be less than 1.0625¢/lb. There is no change in the column 2 rate. Further, it would provide that the President will not have authority to modify the column 1 rate for the period, except under Title II of the 1974 Trade Act (relief from injury caused by import competition). It also provides that no additional duty or import fee can be imposed on unwrought lead except those provided for under the amendments made by Title I of the Trade Agreement Act of 1979 (pertaining to countervailing and antidumping duties). This legislation was introduced as a measure to aid both producers and consumers of unwrought lead by maintaining the present treatment of unwrought lead and thereby contributing to the stability of price and supply in the primary lead market. Item 624.03 of the TSUS, which represents this item, has a current column 1, MFN duty rate of 3.5 percent ad valorem. Presently the price of lead is depressed to the extent that the "floor duty" of 1.0625¢/lb. is in effect, which equated to an ad valorem equivalent (AVE) of 3.8 percent in 1982.

Lead is the soft, heavy, malleable metal that is the most corrosion resistant of the common metals. Unwrought lead is generally cast in ingots, pigs, or jumbo blocks. It can be produced in four grades that are differentiated by the presence or absence of certain other metals; however, most lead is produced in only two of these grades. There are no significant differences between domestic and imported unwrought lead in terms of physical or quality characteristics. Use in battery components accounts for 63 percent of total lead consumption; use in gasoline additives accounts for 14 percent; and use in other products such as pigments, solders, cable coverings, and ammunition each accounts for a small fraction of consumption.

In the lead industry there are two distinct sources of production. Primary lead is produced by smelting and refining lead concentrates. Secondary lead is derived from the salvage of obsolete, lead-bearing products, such as battery plates, cable coverings, pipe and sheet, which are remelted and refined in secondary smelters to produce refined lead and various lead based alloys. In recent years, secondary lead has accounted for about 55 percent of total lead production.

Amax, Inc., Asarco, Inc., and St. Joe Minerals Corp. produce primary unwrought lead at 5 smelters and 4 refineries in Missouri, Montana, Texas and Nebraska. Secondary unwrought lead is produced by over 30 firms, of which 15 account for over 90 percent of the secondary production. The secondary producers include RSR Corp., GNB Battery, Inc., and Federated Metals Corp. (owned in part by Asarco, Inc.).

The primary lead industry employs about 1,400 persons, while the secondary industry employs 2,000 persons.

Domestic production of unwrought lead by quantity (lead content) and value, according to the U.S. Bureau of Mines for 1982 was 1,193,590 short tons valued at $609,686.

Imports of unwrought lead other than lead bullion for 1982 was 104,561 short tons valued at $58,604. The principal import sources in 1982 were Canada (47 percent) and Mexico (21 percent).

Exports of unwrought lead other than lead bullion were about 49,000 short tons in 1982. The principal export market was Belgium, Luxembourg and the Netherlands.

Apparent consumption of unwrought lead other than lead bullion for 1982 was 1,249,475 short tons valued at $637,630.

Unwrought lead other than lead bullion is provided for in TSUS item 624.03 with a column 1 duty rate of 3.5 percent ad valorem on the value of the lead content. No LDDC rate of duty is provided, and the column 2 rate of duty is 10.0 percent ad valorem. Unwrought lead other than lead bullion is not an eligible article for purposes of the GSP and, therefore, is not eligible for duty-free entry when imported from designated beneficiary developing countries.

The current reduced column 1 rate of duty of 3.0 percent ad valorem on the value of the lead content, but not less than 1.0625¢ per pound on the lead content, is provided in TSUS item 911.50, which will remain in effect until June 30, 1983.

SECTION 131. FLAT KNITTING MACHINES

(Originally introduced as H.R. 1620 by Mr. Pease)

Section 131 would amend the Appendix of the TSUS (19 U.S.C. 1202) item 912.13 by striking out 6/30/83 and inserting in lieu thereof 6/30/88. Additionally, this item would be amended so as to provide the duty-free treatment of parts for items 670.19, 670.20 and 670.74.

Knitting is the process of forming fabric by creating interlocking loops of yarn, each loop hanging from another. Machines which manufacture such fabric consist of yarn feeds; needle housings in which replaceable hooked needles are installed; cams; drives; and fabric take-up mechanisms. Industrial machines are usually powered by electric motors; other machines may be driven manually.

One U.S. firm, Lamb Knitting Machine Corp., (Lamb) Chicopee, Massachusetts, reports that it manufacturers negligible amounts of similar knitting machines. Lamb, which employs 10 to 12 people, states that it produces a few narrow-bed, V-bed flat knitting machines for the manufacture of braiding, strapping, and trimming materials. Lamb reports that major markets for exports of its machines include the United Kingdom, West Germany, Greece and South Africa. There are no other known producers or exports of these machines.

During 1981 and 1982, annual imports under item 670.19, V-bed flat knitting machines, has run about 1,200 units with a value of about $6 million.

During the period 1978–82, the annual West German share of the U.S. import market ranged between 35 and 62 percent, by value, whereas the combined West German and Swiss share annually accounted for 64 to 85 percent of total imports. Industry sources report that three companies dominate the U.S. import market. They are Universal Maschinefabrik and Stoll & Co., both located in West Germany, and Edouard Dubied & Cie S.A. of Switzerland.

Industry sources, including the U.S. manufacturer (Lamb) are of the opinion that import competition would not increase significantly as a result of the continuation of duty-free imports under TSUS item 670.19. The U.S. manufacturer has supplied the domestic market for narrow-bed knitting machinery almost entirely in recent years. The market for knitting machines such as those produced by Lamb has diminished since 1973 when the double-knit boom, which had stimulated sales of narrow-bed machines as an auxiliary to some double-knit operations, began its steep decline.

Annual U.S. imports under item 670.20 during 1978–82, approximately 30 percent of which consisted of flat-bed knitting machinery, were as follows:

Year:	*Entered value (1,000 dollars)*
1978	17,846
1979	15,939
1980	12,405
1981	23,038
1982	15,494

The U.S. import market for flat-bed knitting machines classified in item 670.20 is dominated by the same three firms (listed previously) which supply the bulk of U.S. imports under item 670.19; a Japanese firm and four Italian firms together comprise a minor import share. U.S. consumption during 1978–82 was satisfied entirely by imports.

Flat knitting machines currently enjoy a three year suspension provided under Public Law 96–609. V-bed flat knitting machines, both power driven and manual, are provided for in TSUS item 670.19. Other power driven flat knitting machines are provided for in TSUS item 670.20. This provision (670.20) covers knitting machines other than circular machines, except full-fashioned hosiery machines and V/bed flat knitting machines. The knitting machines covered by item 670.20 include warp knitting machines, certain manual knitting equipment, and flat knitting machines other than V-bed; e.g., links-and-links machines.

The MTN staged tariff rates applicable to column 1 imports under items 670.19 and 670.20 are as follows:

[In percent ad valorem]

Item	January 1—							
	1980	1981	1982	1983	1984	1985	1986	1987
670.19	7.6	7.3	6.9	6.6	6.2	5.8	5.5	5.1
670.20	6.7	6.4	6.1	5.9	5.6	5.3	5.0	4.7

The column 2 rate of duty is 40 percent ad valorem for both items. There were no imports from countries subject to column 2 rates of duty in 1982 under 670.19.

Articles covered by items 670.19 and 670.20 are eligible under the Generalized System of Preferences (GSP) and are permitted duty-free entry into the United States when imported from designated beneficiary developing countries.

SECTION 201. PACKAGING MATERIALS FOR MERCHANDISE ENTITLED TO SAME CONDITION DRAWBACK

(Originally introduced as H.R. 3157 by Mr. Frenzel)

Section 201 would amend section 313(j) of the Tariff Act of 1930 to provide specifically that packaging materials imported for use in performing incidental operations are eligible for same condition drawback.[1]

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[1] The usual feature of drawback under section 313 is the refund of 99 percent of the duties paid on imported goods upon the exportation of articles manufactured or produced in the U.S.

Continued

This amendment clarifies the intent of the 1930 drawback amendment to make sure that packaging materials used to wrap materials which are now eligible for same condition drawback would also be eligible for drawback. This provision would also correct a 1981 Customs Service ruling to the contrary.

Section 202. Public Disclosure of Certain Manifest Information

(Originally introduced as H.R. 2588 by Mr. Pease)

Section 202 would amend section 431 of the Tariff Act of 1930 (19 U.S.C. 1431) by modifying the third paragraph in subsection (a) and by adding a new paragraph which would result in disclosure of certain additional manifest information on imports into the United States, while providing methods of protecting claims of business confidentiality and other sensitive information. Such information will include: shippers of the merchandise, name and address of importers or consignees and shippers, cargo information, vessel information, country of shipment origin, and ports of loading and discharge. Information would not be available for public disclosure if such disclosure would pose a threat of harm or damage or if it was a concern of national defense. The Secretary of the Treasury would be responsible for establishing the procedures for implementation.

This provision is proposed to improve the U.S. competitive position in world trade by providing better access to import information. Fuller disclosure of this information can benefit U.S. firms, trade authorities, and U.S. ports in planning and marketing of their goods and services. U.S. carriers, U.S. manufacturers, U.S. land-based transportation companies, port authorities, and Government agencies will be able to use the expanded information base to determine where and when to allocate equipment and to identify expanding or contracting markets and bases for long range planning and improving services. It will also enable them to identify and contact potential customers.

This provision requires the Customs Service to adopt similar practices regarding disclosure of import information as it now must follow for export information as mandated in Public Law 96–275.

The provision further provides that the name and address of the importer and the shipper shall be available for disclosure unless the importer files a biennial certification with the Secretary of the Treasury requesting that such information be withheld and certifies that such information is confidential. A certification by an importer may cover both itself and the shipper. The purpose of this biennial certification together with the specific description of what is to be disclosed is to provide a means of protecting claims of business confidential information.

The Secretary is directed to issue implementing regulations under this section to provide for disclosure of the relevant information and to insure timely access by publication to such information.

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with the use of the imported goods, subject to certain limitations (19 U.S.C. 1313(j)). The drawback statute was amended in 1980 to permit "same condition" drawback in the amount of 99 percent of the duties paid.

It is the committee's intent that new regulations be expeditiously issued.

The provision also provides that any of the items described above will not be disclosed if they are classified as defense or foreign policy information pursuant to 5 U.S.C. 552(B)(1).

The Secretary of the Treasury is required to establish procedures to insure timely access by publications to all manifests to provide for the timely publication of the information permitted to be published by this section. The procedures shall provide a means of protecting against public disclosure of information not otherwise available for disclosure.

Current law requires that the master of every vessel arriving in the United States have on board his vessel a manifest which provides such detailed information on the shipment as the name of the port of discharge, the port of loading, a description of all merchandise of board, and the name of the importer.

Current practices of the Customs Service limit public availability to some of the manifest information, such as the foreign shipper of cargo coming into the United States. Moreover, the Customs Service automatically honors requests by an importer even if the confidentiality request was submitted 40 or 50 years ago. These requests do not have to be renewed.

The amendment changes current law in terms of what has to be on a manifest in only one respect—it adds the names of the shippers of the merchandise. As a practical matter, this amendment will not require any change in current practices. The name of the shipper is already routinely included on the import manifest and the committee simply intends that this current practice be continued. The amendment merely formalizes the requirement that the name be included on the manifest. This amendment also spells out what information will be available for public disclosure from the import manifest when contained in such manifest, including the name and address of each importer or consignee, the name and address of the shipper, the general character of the cargo, and the number of packages and gross weight, the name of the vessel or carrier, port of loading, port of discharge, and country of origin of the shipment.

The country of origin of the shipment means the country from which the merchandise was first shipped in the import transaction. For example, if cotton goods were shipped to the United States via Rotterdam from a manufacturing plant in India, the country of origin of the shipment would be India. However, if goods manufactured in the United States were returned to the United States from a German Federal Republic company via Rotterdam, the country of origin of the shipment will be the Federal Republic of Germany. In most instances, the country of origin of the shipment will be the country of the shipper.

SECTION 203. VIRGIN ISLANDS EXCURSION VESSELS

(Originally introduced as H.R. 1684 by Mr. de Lugo)

Section 203 would exempt vessels carrying passengers, licensed yachts and American pleasure vessels on excursion from the U.S.

Virgin Islands to the British Virgin Islands, from entry requirements of the Customs Laws. This exemption would allow elimination of considerable paper work when making passage between these two locations. The master would be required to make a report within 24 hours after arrival if any such vessel has on board any article required by law to be entered. This exemption is available only if such vessels have not violated the Customs Laws of the United States and have not visited any hovering vessel.

Currently, vessels other than private pleasure boats which have been exempt since 1954, which visit the British Virgin Islands and return are subject to requirements of preparing significant amounts of paperwork, both in departure and on return. When Customs offices are closed, which occurs on weekends or odd hours of the day, a Customs officer must be found, brought out, and inspections and documentation prepared. Many of these costs are at the expense of the vessel user. At the same time, private vessels only need to make a telephone call and make a declaration of any articles within 24 hours of return. This legislation will make the requirements consistent. The legislation would permit masters of charterboats to use the convenient practice available to masters of licensed yachts and pleasure vessels—that is, a phone call to the Customs officer within 24 hours of an arrival in port to report any articles for which entry is necessary. Customs inspections may still be conducted at the discretion of the appropriate officer.

These vessels would be added to subsection 3 of the above section, which excepts from entry licensed yachts or undocumented American pleasure vessels not engaged in trade, or violating in any way the customs or navigation laws of the United States, and not having visited any hovering vessel (defined in section 401(k) (19 U.S.C. 1401(k)).

SECTION 204. UNLAWFUL IMPORTATION OR EXPORTATION OF CERTAIN VEHICLES

(Originally introduced as H.R. 1744 by Mr. Stark)

Section 204 would amend part V of title IV of the Tariff Act of 1930 (19 U.S.C. 1581 et seq.) by adding a new section entitled: "Sec. 627. Unlawful Importation or Exportation of Certain Vehicles, Inspections." Part a(1) of this section establishes a civil penalty of $10,000 for each violation of imports or exports of stolen selfpropelled vehicles, vessels, aircraft or parts thereof, or those whose identification numbers have been tampered with. Part (b) provides for the establishment of a verification procedure with appropriate documentation, and any failure to comply would result in a civil penalty of $500. In part (c) definitions are provided. Part (d) provides for the authorization of Customs officials to cooperate and exchange information with federal, state, local and foreign governmental authorities and with organizations engaged in theft prevention activities as designated by the Secretary.

The bill is being strongly supported by the Auto Club, National Association of Independent Insurers, and the Auto Dismantlers Association.

The bill is primarily directed at the exports of stolen selfpropelled vehicles, and parts thereof; however, it also will apply to imported vehicles.

The bill will require certain verifications by U.S. Customs personnel before vehicles can be exported. These requirements, it is hoped, will discourage any attempts to export stolen vehicles. It is estimated that up to 200,000 stolen automobiles are exported each year. It is estimated that 20,000 stolen vehicles are taken to Mexico each year.

Testimony by U.S. Customs and the private sector indicated that there is no attempt to verify ownership or identification on vehicles which are being exported. This legislation would require verification procedures to be established and implemented.

It is the intention of the Committee on Ways and Means that the Secretary is authorized to promulgate, in prescribing regulations, procedures for Customs officers to check vehicle identification numbers of motor vehicles, off-highway equipment, vessels, or aircraft against records of stolen and unlawfully converted [1] vehicles maintained by the federal government, or by any other organization designated by the Secretary.

SECTION 211. FOREIGN TRADE ZONES

PARAGRAPH (a)—BICYCLE COMPONENT PARTS

(Originally introduced as H.R. 657 by Mr. Perkins)

Section 211(a)(1) describes the concern of the bill sponsor regarding the adverse impact that granting a foreign trade sub zone status to bicycle manufacturing and assembly plants in the U.S. will have on the delicate balance of imports of parts and bicycles and the U.S. bicycle parts and bicycle manufacturing industry.

Section 211(a)(2) would amend section 3 of the Foreign Trade Zones Act of 1934 (19 U.S.C. 81c) by making certain structural form changes and adding a new paragraph which would exempt bicycle component parts from the customs laws of the U.S. if such parts are not reexported from the U.S. in any of three ways. This exemption would be effective until June 30, 1986.

Section 211(a) is supported by a number of bicycle parts manufacturers around the country, some of which manufacture complete bicycles. Their contention is that the granting of a Foreign Trade Subzone to the Huffy Corporation, without this protection, will result in the loss of a U.S. bicycle parts manufacturing capability.

This section is opposed by the Huffy Corporation, currently seeking Foreign Trade Subzone status for their Celina plant and the Association of Foreign Trade Subzone. Huffy's opposition is based on the desire for Foreign Trade Subzone status and the desire to manufacture an expensive multi-speed bicycle. Parts for these bicycles are primarily available from the foreign market. The Foreign Trade Zone Association is opposed to the legislation due to the precedent setting impact such legislation could have on other trade zone areas.

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[1] The word "stolen" could result in non-applicability in cases involving insurance fraud or the conversion of rental cars and trucks. Where an insured falsely claims the theft of a vehicle owned by the insured, the vehicle is not, in fact, stolen. With rental cars and trucks, the failure to return the vehicle in accordance with the rental agreement is normally not considered a theft. Instead, the failure to return constitutes a conversion.

This provision was prompted by a petition of the Huffy Corporation before the Commerce Department's Foreign Trade Zones Board for subzone status at their Celina, Ohio, plant. This was the first filed for such a purpose. The Trek Co. of Wisconsin has followed with a trade zone application. Such a status would allow Huffy to import foreign parts, assemble bicycles and bring them into the U.S. marketplace at a duty which is less than the weighted average of the current duty on foreign parts and domestic parts which comprise the bicycle. The bicycle manufacturers claim this differential could be as high as 8 percent. Presently, 43 of the bicycle parts are imported with varying duties and 42 percent of these are duty-free. Over the years, this value has been achieved with parts manufacturers and bike manufacturers in agreement and a balance has been achieved. The weighted average duty on parts of a bicycle is 13.3 percent.

Parts of bicycles are used in the production of bicycles which in turn are used for recreation, sports, exercise, and transportation. Most parts of bicycles are made from steel, alloy metals, rubber, or plastic materials. U.S. manufacturers of bicycles either produce parts in their plants or purchase from domestic or foreign sources those parts they need to produce a bicycle. Certain parts, primarily for multispeed lightweight bicycles are, with one exception, not produced in the United States and currently enter duty-free under temporary items 912.05 and 912.10 of the Appendix to the TSUS. Many of the imported parts are of higher quality than similar U.S. parts; U.S. producers of bicycle component parts face significant direct price and quality competition for all of the parts they supply.

Two industries would be affected by this legislation: the domestic industry producing bicycle component parts and that producing bicycles. The bicycle component parts industry consists mainly of small businesses, the number of which is not known but is believed to be at least 50, plus about 40 firms which make custom-made frames (not finished bicycles). Total employment is believed to be more than 2,000 workers. Manufacturers of bicycles also produce certain basic parts such as tubing for frames, handlebars, rims for wheels, and other parts requiring basic bending and pressing operations. Although the five largest firms producing bicycle component parts are not known with certainty, six firms believed to be among the largest in the industry and the location of their principal plants are Excel, Division of Beatrice Foods Co., Franklin Park, Illinois, Carlisle Tire and Rubber Company, Carlisle, Pennsylvania; ABS Industries, Inc. (Ashtabula, Ohio, Malvern, Ohio, Buffalo, New York, South Bend, Indiana, Clarksville, Tennessee); Wald Manufacturing Co., Maysville, Kentucky; Sun Metal Products, Inc., Warsaw, Indiana; and American Cycle Systems, Inc., Covina, California.

In 1982, eight firms accounted for virtually all of the domestic output of bicycles. These companies are currently manufacturing a full line of bicycles in 11 establishments located in Ohio, Oklahoma, Tennessee, Illinois, Massachusetts, Pennsylvania, California, Mississippi, and Wisconsin. In addition, there were at least five small specialty bicycle manufacturers in California, Wisconsin, and

New York. The following tabulation shows the names and locations of the principal plants of the firms believed to be the four largest bicycle manufacturers:

Name	Locations
Huffy Corp	Celina, Ohio; Ponca City, Okla.
The Murray Ohio Manufacturing Co	Lawrenceburg, Tenn.
Roadmaster Corp	Olney, Ill.
Chain Bike Corp	Allentown, Pa.

According to their 1982 public annual reports, Huffy accounted for about 40 percent of U.S. producers' shipments of bicycles and Murray Ohio for about 33 percent. In 1981, total employment in the bicycle industry amounted to an estimated 8,000 employees; employment decreased to about 5,000-6,000 in 1982.

Bicycle imports in 1982 were 1.7 million units valued at $123 million. On a quantity basis, Taiwan and Japan were the two principal suppliers with Japan supplying 64 percent of those imported.

The principal sources of imports of bicycle component parts imports in 1982 were Japan, $60.6 million, or 46 percent; Taiwan, $39.2 million, or 30 percent; Italy, $9.9 million, or 8 percent; and the Republic of Korea, $9.5 million, or 7 percent.

In addition, it should be noted that a substantial proportion of parts of bicycles provided for in various TSUS items in schedule 7, part 5, subpart C, now enter duty-free under the temporary provisions of TSUS Appendix item 912.10. Similarly, the same temporary legislation applies to generator lighting sets for bicycles, and parts thereof, provided for in TSUS item 653.39 and afforded free entry under Appendix item 912.05. Separate date are not currently available on the volume of such duty-free imports in 1982. However, data for such imports in 1981 recorded $636,000 for TSUS item 912.05 and $59,244,000 for item 912.10. In 1981, duty-free imports entered under item 912.10 accounted for 42 percent of total imports, dutiable and duty-free, of all parts entered in subpart C, part 5 of schedule 7. Moreover, in 1981, another $4,626,000 entered duty-free under the provisions of the GSP under TSUS(A) items 652.13, 652.1520, and 652.55.

Bicycle component parts.—Data on U.S. exports of bicycle component parts are available only for those parts of bicycles classified in the TSUS under schedule 7, part 5, subpart C, and for bicycle tires and tubes. Such exports for 1978-82 are shown in the following tabulation:

Year:	*Bicycle component parts*
1978	$9,242
1979	12,158
1980	14,574
1981	14,945
1982	7,953

Bicycles.—U.S. exports of bicycles are shown in the following tabulation for the years 1978-82:

	Quantity (thousands)	Value (thousands)
1978	73	$3,237
1979	52	3,440
1980	92	5,326
1981	91	5,934
1982	50	3,690

The data illustrate that exports of bicycles have not been important for the bicycle industry. Thus, the provision in the proposed legislation which attempts to restrict operations in a foreign trade zone or subzones to making finished bicycles or reexporting parts would appear to have little partical application.

In 1982 the total consumption of bicycle component parts was $172 million and the total U.S. consumption on complete bicycles was 6.8 million units valued at $579 million.

Most bicycle component parts, when imported separately, are classified as "parts of bicycles" under TSUS items 732.30 through 732.42 of part 5C of schedule 7. Other parts, however, are classified in accordance with general headnote 10(ij), under more specific provisions elsewhere in the TSUS. A ruling by the Customs Service, C.I.E. 575/57, March 11, 1957, makes a distinction between two groups of parts.

The two most important TSUS items for complete bicycles are 732.12 with a duty of 11 percent ad valorem and 732.18 with a duty of 5.5 percent ad valorem under which 30 percent and 57 percent, respectively, of U.S. imports entered in 1982. For item numbers followed by staged duty reductions, an LDDC rate of duty equivalent to the 1987 duty is now in effect. Certain items are designated as articles eligible for duty-free entry under the Generalized System of Preferences.

PARAGRAPH (b)—EXEMPTION FROM STATE AND LOCAL AD VALOREM TAXES

(Originally introduced as H.R. 717 by Mr. Wright)

Section 211, paragraph (b), would amend section 15 of the Foreign Trade Zones Act of 1934, to exempt from State and local ad valorem taxation tangible personal property imported from outside the United States and tangible personal property produced in the United States and held in a zone for exportation.

The goal of this legislation is to affirm the original purpose of FTZs (to expedite and encourage foreign commerce) and to confirm that Congress intended not to permit the imposition of such taxes. The new subsection is designed to insure that FTZs would be uniformly treated by non-Federal taxing authorities. In addition, the amendment would eliminate such tax concerns from among the factors to be considered by potential FTZ operators or users when deciding where an operation of FTZ is to be located.

Further, the bill was introduced due to a unique problem in the State of Texas in which the local taxing jurisdiction does not have the authority to exempt tangible personal property in a FTZ from taxation due to the State constitution. The State of Texas' constitution specifically provides for certain articles to be exempt from taxation. No other items can be exempted without a change in the Constitution. It is expected that Federal law would preempt State law in this case.

It is the intention of this legislation that the following considerations would be applied when implementing this legislation:

(1) Bona fide customs use of Foreign Trade Zone.—Based upon the practice followed in states already granting this exemption, by interpretation, the benefits would apply only to goods in the zone for bona fide customs reasons.

(2) Machinery and Equipment.—Since the Foreign Trade Zone Act of 1934 does not apply to machinery and equipment within a zone for use therein the benefits of the bill would not extend to such items.

The FTZs were intended by Congress to be special instrumentalities which would stimulate and facilitate foreign commerce and which would not be considered as part of the United States for customs purposes. The zones are unique and limited federally-created entities; while the States provide services to the zones, State taxing authority should be viewed in the context of Federal statutes and regulations and of the Constitution, as well as the overall framework of State-Federal relations.

It would appear that the principal type of tax which would be proscribed by the legislation is a personal property tax, one levied on goods held by the potential taxpayer on a given date, especially articles used in commerce or inventoried for future sale. Absent this legislation, such a tax could be arguably assessed on merchandise or materials located or being stored in a FTZ, even if the materials or articles were intended for export to countries other than the United States. This form of tax is generally aimed at raising revenue for the taxing authority, rather than at controlling the use of the property; however, the cost of paying a property tax might be passed along to consumers, raising the price of the merchandise. Thus, the tax might have the effect of a duty when imposed on FTZ property, which might be imported into this country, and impinge upon the Congress' exercise of its Article I authority. While not every State tax will be found on review to be a prohibited impost or duty, and while a State may not be discriminating in assessing the tax on all articles in its geographical territory regardless of origin, such a tax may constitute a burden on foreign and interstate commerce, in light of the subject of the tax.

SECTION 212. PIPE ORGAN

(Originally introduced as H.R. 1423 by Mr. Badham)

Section 212 would provide for the duty free entry of a pipe organ which would be permitted to be free of duty as of the date of such entry. All duties which had been liquidated on this entry would be reliquidated and the appropriate refund paid.

The organ for the Crystal Cathedral of Garden Grove, California, was imported, in parts, in six separate shipments. At the time this import was made, and continuing to the present time, the tariff schedules provide for the duty-free entry of a complete organ.

(Duty-free entry of pipe organs became effective on January 1, 1981.) Subsequent to this entry (January 12, 1983, PL 97-446), legislation was enacted to provide column 1, MFN, duty-free status to pipe organ parts—TSUS items 726.60 and 726.62. Therefore, under current law, if the organ would arrive in separate shipments and is entered into the United States, it would be classified by the U.S. Customs Service as "parts of pipe organs" and would enjoy a duty suspension. However, these shipments arrived before the duty suspension on parts. The shipments together constituted a complete organ and therefore would qualify as a complete organ.

SECTION 213. SCIENTIFIC EQUIPMENT—ELLIS FISCHEL STATE CANCER HOSPITAL

(Originally introduced as H.R. 1933 by Mr. Gephardt)

Section 213 would provide to the Ellis Fischel State Cancer Hospital, Columbia, Missouri, a refund of duties in the amount of $20,328. These duties were paid by the hospital on entries of certain scientific equipment which both U.S. Customs and the Department of Commerce ruled could enter duty-free under the Florence Agreement. Failure by the Hospital to file the appropriate papers at the time of entry caused U.S. Customs to collect the duty. This legislation was introduced in the 97th Congress but arrived too late for handling.

The Ellish Fischel State Cancer Hospital, Columbia, Missouri, purchased in November 1975, and January 1976, certain scientific equipment imported by CGR Medical Corporation. In 1975, the hospital filed an application for duty-free entry which was favorably ruled upon by U.S. Customs on November 5, 1975, and by the Department of Commerce on April 30, 1976. The articles were entered on November 7, 1975, and January 23, 1976.

U.S. Customs allows a period of 90 days following liquidation of an entry for action such as this duty-free application. The November 7 entry was liquidated on April 14, 1976, and the January 23 entry was liquidated on September 17, 1976. This would have required the filing of approved duty-free papers on July 14, 1976, and December 17, 1976, respectively. The papers were filed on August 29, 1976—past the deadline for the first entry but on time for the second entry. However, for the second entry, these papers did not adequately tie the articles being entered to the approval that had been granted. Thus, duties were collected on both entries.

U.S. Customs has stated that, following the 90-day grace period, they have no authority to grant relief such as this being requested. Efforts during the 96th Congress to arrange for a refund ended with the fact that legislation is required. This legislation would grant that reimbursement.

VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote of the Committee in reporting the bill. H.R. 3398 was ordered favorably reported without amendment by the Committee by voice vote.

OVERSIGHT FINDINGS

In compliance with clause 2(l)(3)A of rule XI of the Rules of the House of Representatives relating to oversight findings, the Committee concluded, as a result of its review of the circumstances existing with respect to each of the products and the provisions of trade law involved, that it would be desirable to enact H.R. 3398 by reason of the considerations outlined above in the section-by-section analysis and justification.

With respect to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings or recommendations have been submitted to the Committee by the Committee on Government Operations with respect to the subject matter contained in this bill.

BUDGETARY AUTHORITY AND COST ESTIMATES, INCLUDING ESTIMATES OF CONGRESSIONAL BUDGET OFFICE

In compliance with clause 7(a) of rule XIII and clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 3398 does not provide any new budget authority or any new or increased tax expenditures.

In compliance with clause 7(a) of rule XIII and clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee provides below information furnished by the Congressional Budget Office on H.R. 3398, and required to be included therein:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., June 24, 1983.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Budget Act, the Congressional Budget Office has examined H.R. 3398, Miscellaneous Tariff And Trade Bills, which reduces certain duties, suspends temporarily certain duties, extends certain suspensions of certain duties and clarifies the classification of certain goods. This bill is a compilation of tariff bills reported by the Subcommittee on Trade. The bill contains the following provisions:

Section 111—Laminated Fabric.
Section 112—Warp Knitting Machines.
Section 113—Gloves.
Section 114—Pet Toys.
Section 121—Feathers And Down.
Section 122—Corned Beef.
Section 123—Hovercraft Skirts.
Section 124—Surgical Drapes.
Section 125—MXDA, etc.
Section 126—4-Bis.
Section 127—Flecainide Acetate.
Section 128—Caffeine.
Section 129—Watch Crystals.
Section 130—Lead.

Section 131—Flat Knitting Machine.
Section 201—Same Condition Drawback.
Section 202—Manifest Information.
Section 203—Virgin Island Vessels.
Section 204—Stolen Vehicles.
Section 211—FTZ Tax Exemption and Bicycle Parts.
Section 212—Pipe Organ.
Section 213—Scientific Equipment.

The bill does not provide any new budget authority or any new or increased tax expenditures.

The Congressional Budget Office has examined and agrees with the estimates provided by the staffs of the International Trade Commission and the Subcommittee on Trade. The bill is estimated to have the net effect of reducing fiscal year revenues by the following amounts.

[By fiscal year, in millions of dollars]

	1983	1984	1985	1986	1987
Revenue Loss from H.R. 3398	1.54	4.23	7.11	6.25	4.95

With best wishes,
Sincerely,

ALICE M. RIVLIN, *Director.*

INFLATIONARY IMPACT STATEMENT

With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 3398, involves varying amounts of annual revenue loss between fiscal years 1983 and 1987 of a maximum of only $7.1 million in fiscal year 1985. This would not have an inflationary impact on prices and costs in the operation of the general economy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TARIFF SCHEDULES OF THE UNITED STATES

* * * * * * *

Schedule 3.—Textile fibers and textile products

* * * * * * *

Schedule 3 headnotes:

* * * * * * *

[5. For the purposes of parts 5, 6, and 7 of this schedule and parts 1 (except subpart A), 4, and 12 of schedule 7, in determining the classification of any article which is wholly or in part of a fabric coated or filled, or laminated, with nontransparent rubber or plastics (which fabric is provided for in part 4C of this schedule), the fabric shall be regarded not as a textile material but as being wholly of rubber or plastics to the extent that (as used in the article) the nontransparent rubber or plastics forms either the outer surface of such article or the only exposed surface of such fabric.]

5. (a) Except as otherwise provided in subsection (b) of this headnote, for the purposes of parts 5, 6, and 7 of this schedule and parts 1 (except subpart A), 4, and 12 of schedule 7, in determining the classification of any article which is wholly or in part of a fabric coated or filled, or laminated, with nontransparent rubber or plastics (which fabric is provided for in part 4C of this schedule), the fabric shall be regarded not as a textile material but as being wholly of rubber or plastics to the extent that (as used in the article) the nontransparent rubber or plastics forms either the outer surface of such article or the only exposed surface of such fabric.

(b) Any fabric described in part 4C of this schedule shall be classified under part 4C whether or not also described elsewhere in the schedules.

* * * * * * *

Item	Articles	Rates of duty		
		1	LDDC	2

PART 4.—FABRICS OF SPECIAL CONSTRUCTION OR FOR SPECIAL PURPOSES; ARTICLES OF WADDING OR FELT; FISH NETS; MACHINE CLOTHING

* * * * * * *

Subpart C.—Wadding, Felts, and Articles Thereof; Fish Netting and Nets; Artists' Canvas; Coated or Filled Fabrics; Hose; Machine Clothing; Other Special Fabrics

Subpart C headnotes:

1. The provisions of this subpart do not cover—
    (i) any of the products described in part 5, 6, or 7A of this schedule;
    (ii) cloth-lined or reinforced paper (see part 4B of schedule 2);
    (iii) cloths coated with abrasives (see part 1G of schedule 5);
    (iv) fish landing nets (see part 5B of schedule 7);
    (v) laminated or reinforced plastics (see part 12 of schedule 7);
    (vi) hair felt, and articles thereof (see part 13A of schedule 7); or
    [(vii) other articles specially provided for in schedule 7 or elsewhere.]
2. For the purposes of the tariff schedules—
    (a) the term "coated or filled", as used with reference to textile fabrics and other textile articles, means that any such fabric or other article has been coated or filled (whether or not impregnated) with gums, starches, pastes, clays, plastics materials, rubber, flock, or other substances, so as to visibly and significantly affect the surface or surfaces thereof otherwise than by change in color, whether or not the color has been changed thereby;

Item	Articles	Rates of duty		
		1	LDDC	2

(b) the term "nonwoven fabrics" refers to fabrics made of matted textile fibers which are not in the form of yarns, but includes needle-punched felts comprised of fibers punched through a base fabric; and

(c) the provisions in this subpart for fabrics, coated or filled with rubber or plastics material, or laminated with sheet rubber or plastics (items 355.65-.85), cover products weighing not over 44 ounces per square yard without regard to the relative quantities *or value* of the textile fibers and the rubber or plastics material, but do not cover products weighing over 44 ounces per square yard unless they contain more than 50 percent by weight of textile fibers.

* * * * * * *

SCHEDULE 6.—METALS AND METAL PRODUCTS

Item	Articles	Rates of duty		
		1	LDDC	2
	PART 4.—MACHINERY AND MECHANICAL EQUIPMENT			
	* * * * * * *			
	Subpart E.—Textile Machines; Laundry and Dry-Cleaning Machines; Sewing Machines			
	* * * * * * *			
[A 670.20	Other	5.9% ad val.[2] [3] (1).	4.7% ad val.[2] [3] (1).	40% ad val.
	Lace- and net-making machines (except lace-braiding machines):]			
"670.20	*Warp knitting machines*	*Free*		*40% ad val.*
670.21	*Other*	*5.9% ad val.*	*4.7% ad val.*	*40% ad val.*

* * * * * * *

SCHEDULE 7.—SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS

* * * * * * *

Item	Articles	Rates of duty		
		1	LDDC	2
	PART 1.—FOOTWEAR; HEADWEAR AND HAT BRAIDS; GLOVES; LUGGAGE, HANDBAGS, BILLFOLDS, AND OTHER FLAT GOODS			
	* * * * * * *			

Subpart C.—Gloves

Subpart C headnotes:

1. For the purposes of this subpart—

(a) the term "gloves" includes all gloves and mittens designed for human wear, except boxing gloves, golf gloves, baseball gloves, and other gloves specially designed for use in sports; [and]

(b) the term "glove linings" includes all linings for gloves, as defined in (a) supra[.] *; and*

Item	Articles	Rates of duty		
		1	LDDC	2
	(c) the term "with fourchettes" includes only gloves which, at a minimum, have fourchettes extending from finger tip to finger tip between each of the four fingers.			

* * * * * * *

Item	Articles	1	LDDC	2
705.85	With [textile fabric] fourchettes [or sidewalls]; or with the outer surface thereof (except as to applied cuffs, if any) wholly of plastics, and the seams of which are heat sealed and not sewn or stitched. With textile fabric fourchettes or sidewalls. Other: Disposable gloves............................... Other..	14.5% ad val. ..	14% ad val.	25% ad val.

* * * * * * *

PART 12.—RUBBER AND PLASTIC PRODUCTS

Part 12 headnote:

1. For the purposes of the tariff schedules—
   - (a) the term "rubber" refers to rubber, as defined in part 4B of schedule 4;
   - (b) the term "plastics" refers to—
     - (i) synthetic plastics materials, as defined in parts 1C and 4A of schedule 4,
     - (ii) polyurethane,
     - (iii) natural resins,
     - (iv) protein substances, such as casein compounds,
     - (v) regenerated cellulose,
     - (vi) vulcanized fiber, and
     - (vii) reinforced or laminated plastics, as defined in subpart A of this part,

   but does not include rubber; and
   - (c) the term "rubber or plastics" means rubber, plastics, or combinations of rubber and plastics.

2. This part does not cover fabrics, coated or filled, or laminated, with rubber or plastics provided for in part 4C of schedule 3.

* * * * * * *

PART 13.—PRODUCTS NOT ELSEWHERE ENUMERATED

Subpart A.—Miscellaneous Products

* * * * * * *

Item	Articles	1	LDDC	2
A 790.55	Sheets, strips, tapes, stencils, monograms, and other flat shapes or forms, all the foregoing articles (except articles provided for in item 790.50) which are pressure sensitive, with or without protective liners, and whether or not in rolls. Pressure sensitive tape: Filament reinforced....................................... Other: Having a plastics backing: Electrical tape................................. Other.. Other... Other...	7.9% ad val.	5.8% ad val.	40% ad val.
"790.57	*Toys for pets, of textile materials*............................	*8.5% ad val.*	....	*80% ad val.".*

* * * * * * *

APPENDIX TO THE TARIFF SCHEDULES

Item	Articles	Rates of duty		Effective period
		1	2	
	PART 1.—TEMPORARY LEGISLATION			
	Subpart A.—Temporary Provisions for Additional Duties			
*	* * *	*	*	*
903.15	*Corned beef in airtight containers (provided for in item 107.48, part 2B, schedule 1).*	*3% ad val.*	*No change*	*On or before 10/29/89*
*	* * *	*	*	*
	Subpart B.—Temporary Provisions Amending the Tariff Schedules			
*	* * *	*	*	*
	Feathers and downs, whether or not on the skin, crude, sorted (including feathers simply strung for convenience in handling or transportation), treated, or both sorted and treated, but not otherwise processed (provided for in item 186.15, part 15D, schedule 1):			
903.	Meeting both test methods 4 and 10.1 of Federal Standard 148a promulgated by the General Services Administration.	Free	No change	On or before [6/30/84] *6/30/87*
903.80	Other	Free	Free	On or before [6/30/84] *6/30/87*
*	* * *	*	*	*
905.40	Textile fabrics of manmade fibers, coated or filled or laminated with natural rubber, for use in the manufacture of skirts for hovercraft (provided for in item 359.50, part 4C, schedule 3).	Free	No change	On or before [6/30/83] *6/30/86*
905.50	*Bonded fiber fabric disposable gowns, sterilized or in immediate packings ready for sterilization, for use in performing surgical procedures, of manmade fibers (provided for in items 379.96 and 383.62, part 6F, schedule 3) and bonded fiber fabric disposable surgical drapes, of manmade fibers (provided for in item 389.62, part 7B, schedule 3).*	*5.6% ad val.*	*26.5% ad val.*	*On or before 1/1/89.*
*	* * *	*	*	*
(1) 907.01	Triphenyl phosphate (provided for in item 404.48, part 1B, schedule 4).	Free	No change	On or before 9/30/85
907.03	*m-Xylenediamine (MXDA) (provided for in item 404.88, part 1B, schedule 4).*	*Free*	No change	*On or before 6/30/86*
907.04	*1, 3-Bis[aminomethyl] cyclohexane (1, 3-BAC) (provided for in item 407.05, part 1B, schedule 4).*	*Free*	*No change*	*On or before 6/30/86*
907.05	Bis(4-aminobenzoate)-1,3-propanediol (trimethylene (1) glycol di-p-aminobenzoate) provided for in item 405.07, part 1B, schedule 4).	Free	No change	On or before 6/30/84 (1)
907.06	*4'-Bis (a, a-dimethylbenzyl diphenylamine (provided for in item 404.88, part 1B, schedule 4).*	*Free*	*No change*	*On or before 6/30/86*
*	* * *	*	*	*
907.21	*Flecainide acetate (provided for in item 412.12, part 1C, schedule 4).*	*Free*	*No change*	*On or before 6/30/86*
907.22	Caffeine (provided for in item 437.02, part 3B, schedule 4).	[6%] *4.1%* ad val.	No change	On or before [12/31/83] *12/31/85*
*	* * *	*	*	*
909.40	*Watch glasses other than round watch glasses (provided for in item 547.13, part 3C, schedule 5).*	*6.3% ad val.*	*No change*	*On or before 6/30/86*

Item	Articles	Rates of duty		Effective period
		1	2	
911.50	Unwrought lead other than lead bullion (provided for in item 624.03, part 2G, schedule 6).	3% ad val. on the value of the lead content, but not less than 1.0625¢ per lb. on the lead content.	No change	On or before [6/30/83] *6/30/88*
*	*	*	*	*
912.13	Power-driven flat knitting machines over 20 inches in width [provided for in item 670.19 or 670.20,], *and parts thereof (provided for in items 670.19, 670.20, and 670.74*, part 4E, schedule 6).	Free	No change	On or before [6/30/83] *6/30/88*
[912.14	Warp knitting machines (provided for in item 670.20, part 4E, schedule 6).	Free	No change	On or before 6/30/83]

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SECTION 114 OF PUBLIC LAW 96-609

AN ACT To provide for the temporary suspension of certain duties, to extend certain existing suspension of duties, and for other purposes

* * * * * * *

SEC. 114 UNWROUGHT LEAD.

(a) * * *

(b) Before July 1, [1983] *1988*

(1) no modification of the temporary column 1 rate of duty in item 911.50 (as added by subsection (a) may be proclaimed by the President under any authority of law except title II of the Trade Act of 1974; and

(2) no duty of other import fee except that provided for in such item 911.50 and those provided for under the amendments made by title I of the Trade Agreements Act of 1979, may be imposed on unwrought lead provided for in such item.

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TARIFF ACT OF 1930

TITLE I—DUTIABLE LIST

* * * * * * *

TITLE III—SPECIAL PROVISIONS

Part I—Miscellaneous

SEC. 301. PHILIPPINE ISLAND.

* * * * * * *

SEC. 313. DRAWBACK AND REFUNDS.

(a) ARTICLES MADE FROM IMPORTED MERCHANDISE.—* * *

* * * * * * *

(j) **Same Condition Drawback.**—(1) if imported merchandise, on which was paid any duty, tax or fee imposed under Federal law because of its importation—

(A) is, before the close of the three-year period beginning on the date of importation—

(i) exported in the same condition as when imported, or

(ii) destroyed under Customs supervision; and

(B) is not used within the United States before such exportation or destruction;

then upon such exportation or destruction 99 per centum of the amount of each such duty, tax, and fee so paid shall be refunded as drawback.

(3) Packaging material that is imported for use in performing incidental operations regarding the packaging or repackaging of imported merchandise to which paragraph (1) applies shall be treated under such paragraph in the same manner as such merchandise for purposes of refund, as drawback, 99 per centum of any duty, tax, or fee imposed under Federal law on this importation of such material.

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TITLE IV—ADMINISTRATIVE PROVISIONS

Part I—Definitions

* * * * * * *

Part II—Report, Entry, and Unlading of Vessels and Vehicles

SEC. 431. (a) MANIFEST—REQUIREMENT, FORM, AND CONTENTS.

The master of every vessel arriving in the United States and required to make entry shall have on board his vessel a manifiest in a form to be prescribed by the Secretary of the Treasury and signed by such master under oath as to the truth of the statements therein contained. Such manifiest shall contain:

First. The names of the ports or places at which the merchandise was taken on board and the ports of entry of the United States for which the same is destined, particularly describing the merchandise destined to each such port: *Provided,* That the master of any vessel laden exclusively with coal, sugar, salt, nitrates, hides, dyewoods, wool, or other merchandise in bulk consigned to one owner and arriving at a port for orders, may destine such cargo "for orders," and within fifteen days thereafter, but before the unlading of any part of the cargo such manifiest may be amended by the master by designating the port or ports of discharge of such cargo, and in the event of failure to amend the manifest within the time permitted such cargo must be discharged at the port at which the vessel arrived and entered.

Second. The name, description, and build of the vessel, the true measure or tonnage thereof, the port to which such vessel belongs, and the name of the master of such vessel.

Third. A detailed account of all merchandise on board such vessel, with the marks and numbers of each package, and the number and description of the packages according to their usual name or denomination, such as barrel, keg, hogshead, case, or bag[.]*; and the names of the shippers of such merchandise.*

Fourth. The names of the persons to whom such packages are respectively consigned in accordance with the bills of lading issued therefor, except that when such merchandise is consigned to order the manifest shall so state.

Fifth. The names of the several passengers aboard the vessel, stating whether cabin or steerage passengers, with their baggage, specifying the number and description of the pieces of baggage belonging to each, and a list of all baggage not accompanied by passengers.

Sixth. An account of the sea stores and ship's stores on board of the vessel.

(b) Whenever a manifest of articles or persons on board an aircraft is required for customs purposes to be signed, or produced or delivered to a customs officer, the manifest may be signed, produced, or delivered by the pilot or person in charge of the aircraft, or by any other authorized agent of the owner or operator of the aircraft, subject to such regulations as the Secretary of the Treasury may prescribe. If any irregularity of omission or commission occurs in any way in respect of any such manifest, the owner or operator of the aircraft shall be liable for any fine or penalty prescribed by law in respect of such irregularity.

(c)(1) Except as provided in subparagraph (2), the following information, when contained in such manifest, shall be available for public disclosure:

(A) the name and address of each importer or consignee and the name and address of the shipper to such importer or consignee, unless the importer or consignee has made a biennial certification, in accordance with procedures adopted by the Secretary of the Treasury, claiming confidential treatment of such information.

(B) The general character of the cargo.

(C) The number of packages and gross weight.

(D) The name of the vessel or carrier.

(E) The port of loading.

(F) The port of discharge.

(G) The country of origin of the shipment.

(2) The information listed in paragraph (1) shall not be available for public disclosure if—

(A) the Secretary of the Treasury makes an affirmative finding on a shipment-by-shipment basis that disclosure is likely to pose a threat of personal injury or property damage; or

(B) the information is exempt under the provisions of section 552(b)(1) of title 5 of the United States Code.

(3) The Secretary of the Treasury, in order to allow for the timely dissemination and publication of the information listed in paragraph (1), shall establish procedures to provide access to manifests. Such procedures shall include provisions for adequate protection against the public disclosure of information not available for public disclosure from such manifests.

* * * * * * *

SEC. 441. VESSELS NOT REQUIRED TO ENTER.

The following vessels shall not be required to make entry at the customhouse:

(1) Vessels of war and public vessels employed for the conveyance of letters and dispatches and not permitted by the laws of the nations to which they belong to be employed in the transportation of passengers or merchandise in trade;

(2) Passenger vessels making three trips or oftener a week between a port of the United States and a foreign port, or vessels used exclusively as ferryboats, carrying passengers, baggage, or merchandise; *Provided,* That the master of any such vessel shall be required to report such baggage and merchandise to the appropriate customs officer within twenty-four hours after arrival;

[(3) Licensed yachts or undocumented American pleasure vessels not engaged in trade nor in any way violating the customs or navigation laws of the United States and not having visited any hovering vessel: *Provided,* That the master of any such vessel which has on board any article required by law to be entered shall be required to report such article to the appropriate customs officer within twenty-four hours after arrival.]

(3) Vessels carrying passengers on excursion from the United States Virgin Islands, and return, and licensed yachts or undocumented American pleasure vessels not engaged in trade: Provided, That such vessels do not in any way violate the customs or navigation laws of the United States and have not visited any hovering vessel: And provided further, That the master of any such vessel which has on board any article required by law to be entered shall be required to report such article to the appropriate customs officer within twenty-four hours after arrival.

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Part V—Enforcement Provisions

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SEC. 627. UNLAWFUL IMPORTATION OR EXPORTATION OF CERTAIN VEHICLES; INSPECTIONS.

(a)(1) Whoever knowingly imports, exports, or attempts to import or export—

(A) any stolen self-propelled vehicle, vessel, aircraft, or part of a self-propelled vehicle, vessel, or aircraft; or

(B) any self-propelled vehicle or part of self-propelled vehicle from which the identification number has been removed, obliterated, tampered with, or altered;

shall be subject to a civil penalty in an amount determined by the Secretary, not to exceed $10,000 for each violation.

(2) Any violation of this subsection shall make such self-propelled vehicle, vessel, aircraft, or part thereof subject to seizure and forfeiture under this Act.

(b) A person attempting to export a used self-propelled vehicle shall present, pursuant to regulations prescribed by the Secretary, to the appropriate customs officer both the vehicle and a document describing such vehicle which includes the vehicle identification

number, before lading if the vehicle is to be transported by vessel or aircraft, or before export if the vehicle is to be transported by rail, highway, or under its own power. Failure to comply with the regulations of the Secretary shall subject such person to a civil penalty of not more than $500 for each violation.

(c) For purposes of this section—

(1) the term "self-propelled vehicle" includes any automobile, truck, tractor, bus, motorcycle, motor home, self-propelled agricultural machinery, self-propelled construction equipment, self-propelled special use equipment, and any other self-propelled vehicle used or designed for running on land but not on rail;

(2) the term "aircraft" has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5));

(3) the term "used" refers to any self-propelled vehicle the equitable or legal title to which has been transferred by a manufacturer, distributor, or dealer to an ultimate purchaser; and

(4) the term "ultimate purchaser" means the first person, other than a dealer purchasing in his capacity as a dealer, who is good faith purchases a self-propelled vehicle for purposes other than resale.

(d) Customs officers may cooperate and exchange information concerning motor vehicle, off-highway mobile equipment, vessels, or aircraft, either before exportation or after exportation or importation, with such Federal, State, local, and foreign law enforcement or governmental authorities, and with such organizations engaged in theft prevention activities, as may be designated by the Secretary.

THE ACT OF JUNE 18, 1934

AN ACT To provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes

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SEC. 3. *(a)* Foreign and domestic merchandise of every description, except such as is prohibited by law, may, without being subject to the customs laws of the United States, except as otherwise provided in this Act, be brought into a zone and may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated, or be manufactured except as otherwise provided in this Act, and be exported, destroyed, or sent into customs territory of the United States therefrom, in the original package or otherwise; but when foreign merchandise is so sent from a zone into customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise: *Provided*, That whenever the privilege shall be requested and there has been no manipulated or manufacture effecting a change in tariff classification, the appropriate customs officer shall take under supervision any lot or part of a lot of foreign merchandise in a zone, cause it to be appraised and taxes determined and duties liquidated thereon. Merchandise so taken under supervision may be stored, manipulated, or manufactured under the supervision and regulations prescribed by the Secretary of the Treasury, and whether mixed or manufactured with domestic merchandise or not may, under regulations prescribed by the Secretary of the Treasury, be exported or destroyed, or may be sent into customs territory upon the payment of such liquidated duties and determined taxes thereon. If merchandise so taken under supervision has been manipulated or manufactured, such duties and taxes shall be payable on the quantity of such foreign merchandise used in the manipulation or manufacture of the entered article. Allowance shall be made for recoverable and irrecoverable waste; and if recoverable waste is sent into customs territory, it shall be dutiable and taxable in its condition and quantity and at its weight at the time of entry. Where two or more products result from the manipulation of manufacture of merchandise in a zone the liquidated duties and determined taxes shall be distributed to the several products in accordance with their relative value at the time of separation with due allowance for waste as provided for above: *Provided further,* That subject to such regulations respecting identity and the safeguarding of the revenue as the Secretary of the Treasury may deem necessary, articles, the growth, product, or manufacture of the United States, on which all internal-revenue taxes have been paid, if subject thereto, and articles previously imported on which duty and/or tax has been paid, or which have been admitted free of duty and tax, may be taken into a zone from the customs territory of the United States, placed under the supervision of the appropriate customs officer, and whether or not they have been combined with or made part, while in such zone, of other articles, may be brought back thereto free of quotas, duty, or tax: *Provided further,* That if in the opinion of the Secretary of the Treasury their identity has been lost, such articles not entitled to free entry by reason of noncompliance with the requirements made hereunder by the Secretary of the Treasury shall be treated when they reenter customs territory of the United States as foreign merchandise under the provisions of the tariff and internal-revenue laws in force at that time: *Provided further,* That under the rules and regulations of the controlling Federal agencies, articles which have been taken into a zone from customs territory for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage shall be considered to be exported for the purpose of—

> [a] *(1)* the draw-back, warehousing, and bonding, or any other provisions of the Tariff Act of 1930, as amended, and the regulations thereunder; and
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> [b] *(2)* the statutes and bonds exacted for the payment of draw-back, refund, or exemption from liability for internal-revenue taxes and for the purposes of the internal-revenue laws generally and the regulations thereunder.

Such a transfer may also be considered an exportation for the purposes of other Federal laws insofar as Federal agencies charged with the enforcement of those laws deem it advisable. Such articles may not be returned to customs territory for domestic consumption except where the Foreign-Trade Zones Board deems such return to be in the public interest, in which event the articles shall be subject to the provisions of paragraph 1615 (f) of the Tariff Act of 1930, as amended: *Provided further,* That no operation involving any foreign or domestic merchandise brought into a zone which operation would be subject to any provision or provisions of section 1807, chapter 15, chapter 16, chapter 17, chapter 21, chapter 23, chapter 24, chapter 25, chapter 26, or chapter 32 of the Internal Revenue Code if performed in customs territory, or involving the manufacture of any article provided for in paragraph 367 or paragraph 368 of the Tariff act of 1930, shall be permitted in a zone except those operations (other than rectification of distilled spirits and wines, or the manufacture or production of alcoholic products unfit for beverage purposes) which were permissible under this Act prior to July 1, 1949: *Provided further,* That articles produced or manufactured in a zone and exported therefrom shall on subsequent importation into the customs territory of the United States be subject to the import laws applicable to like articles manufactured in a foreign country, except that articles produced or manufactured in a zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the second proviso of this section, may, on such importation, be entered as American goods returned.

(b) The exemption from the customs laws of the United States provided under subsection (a) shall not be available before June 30, 1986, to bicycle component parts unless such parts are reexported from the United States, whether in the original package, as components of a completely assembled bicycle, or otherwise.

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SEC. 15. (a) No person shall be allowed to reside within the zone except Federal, State, or municipal officers or agents whose resident presence is deemed necessary by the Board.

(b) The Board shall prescribe rules and regulations regarding employees and other persons entering and leaving the zone. All rules and regulations concerning the protection of the revenue shall be approved by the Secretary of the Treasury.

(c) The Board may at any time order the exclusion from the zone of any goods or process of treatment that in its judgment is detrimental to the public interest, health, or safety.

(d) No retail trade shall be conducted within the zone except under permits issued by the grantee and approved by the Board. Such permittees shall sell no goods except such domestic or duty-paid or duty-free goods as are brought into the zone from customs territory.

(e) Tangible personal property imported from outside the United States and held in a zone for the purpose of storage, sale, exhibition, repackaging, assembly, distribution, sorting, grading, cleaning, mixing, display, manufacturing, or processing, and tangible personal property produced in the United States and held in a zone for exportation, either in its original form or as altered by any of the above processes, shall be exempt from State and local ad valorem taxation.

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